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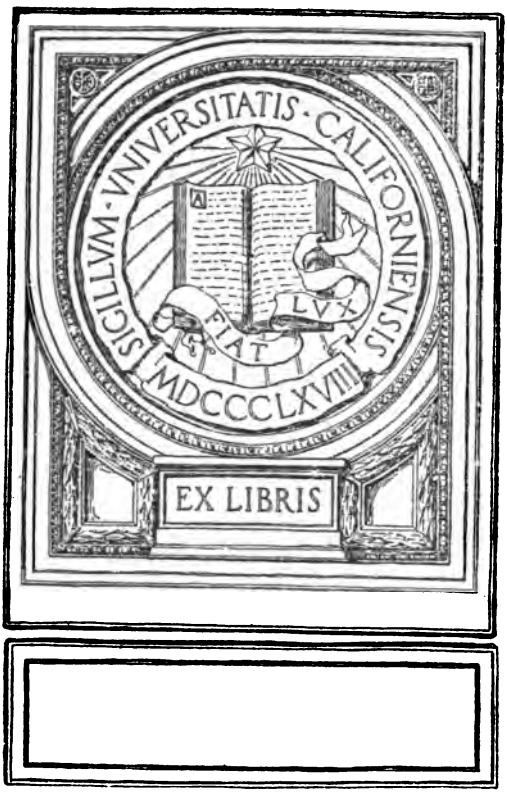
MODERN BUSINESS METHODS

WILLIAM P. TITLER
HENRY E. BROWN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MODERN
BUSINESS METHODS

MODERN BUSINESS METHODS

By

WILLIAM P. TELLER, *Credit Man and Accountant, the Illinois Envelope Company, Kalamazoo, Michigan, and*

HENRY B. BROWN, *formerly Head of the Commercial Department of the Rock Island, Illinois, High School*

RAND, McNALLY & COMPANY

Chicago New York London

HF 5500
.T4

A FIRST BOOK IN BUSINESS METHODS
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Published, 1912
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The Rand-McNally Press
CHICAGO, ILLINOIS, U. S. A

THE PREFACE

IN the preparation of this work an effort has been made to present, in a clear and simple manner, practical information pertaining to everyday business transactions. The design has been to prepare a book which would serve as a guide in ordinary business matters, one that would enable those seeking information regarding modern business methods to obtain the knowledge desired without having to search through a whole library to find it.

It is believed that there is a demand for such a book and that the work will be found both interesting and useful to a large class of people who desire to become familiar with modern ways of doing business. The intention has not been to cover all lines of business but only to include the facts which every business man should know.

The authors acknowledge their indebtedness to Professor Henry Rand Hatfield, Dean of the College of Commerce and Administration, The University of Chicago, and Donald L. Morrill, Attorney at Law, Chicago, for reading this book in manuscript, and for many valuable suggestions.

W. P. T.
H. E. B.

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THE TABLE OF CONTENTS

			PAGE
The Preface			5
Chapter	I.	Letter Writing	11
Chapter	II.	Bills, Invoices, Statements of Account, Receipts	34
Chapter	III.	Banking	53
Chapter	IV.	Promissory Notes, Interest, Bank Discount, Partial Payments	77
Chapter	V.	Drafts	106
Chapter	VI.	General Postal Information, Post Office Money Orders, Express Money Orders, Letters of Credit	116
Chapter	VII.	Petitions, Power of Attorney, Commercial Agencies, Miscellaneous	132
Chapter	VIII.	Railroad and Express Business	147
Chapter	IX.	Contracts, Leases, Guaranties, Bonds	162
Chapter	X.	Merchandise Sales, Stocks and Bonds	182
Chapter	XI.	Partnership, Insurance	196

PAGE

Chapter XII. Deeds, Mortgages 213

Chapter XIII. United States Land Surveying 234

Chapter XIV. Wills, Settling of Estates 241

A List of Signs, Abbreviations, and Contractions used in Business 250

A List of Commercial Words and Phrases 254

Suggestions to the Teacher 263

The Index 266

The Business Career

CAN confidently recommend to you the business career as one in which there is abundant room for the exercise of man's highest power, and of every good quality in human nature. I believe the career of the great merchant, or banker, or captain of industry to be favorable to the development of the powers of the mind, and to the ripening of the judgment upon a wide range of general subjects; to freedom from prejudice, and the keeping of an open mind. And I do know that permanent success is not obtainable except by fair and honorable dealing, by irreproachable habits and correct living, by the display of good sense and rare judgment in all the relations of human life, for credit and confidence fly from the business man, foolish in word and deed, or irregular in habits, or even suspected of sharp practice.

—ANDREW CARNEGIE—

UNIV. OF
CALIFORNIA

MODERN BUSINESS METHODS

CHAPTER I.

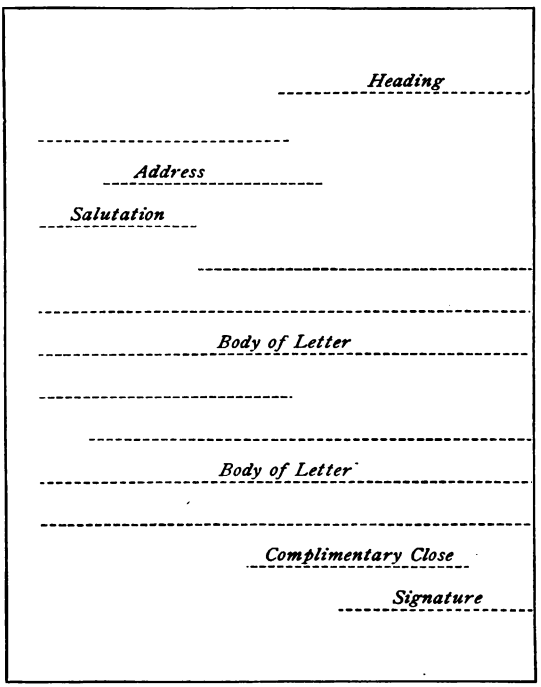
LETTER WRITING

1. **Business Letters.** Everyone should learn to write a good business letter. While it is much easier for some people than for others to express just what they wish to say in clear, forcible, grammatical language, the ability to write a good letter may be acquired by anyone who will give the subject sufficient attention. A letter is rightly looked upon as a photograph of the character, ability, and culture of the writer, who is rigidly judged by his correspondence. Careful attention should be given to punctuation, the use of capital letters, and the proper construction of sentences; then, by diligent practice and the study of good models, anyone may learn to write a good business letter.

There are certain forms used by business men in the arrangement of letters, which may be easily learned and which should be carefully observed in writing, as they add much to the neat and orderly appearance of the letter.

Notice the various parts of a letter as shown in the form outlined below:

Form I.



Outline for a Letter

2. Paper. Different sizes and shapes of paper are used for different purposes, but for business purposes, letter paper about 8 by 10 inches, or note paper about 7 by 9 inches, is usually preferred.

White paper is almost always used in preference to tinted paper, and white envelopes may be used for all purposes.

There are several separate and distinct parts to a letter, as follows:

1. Heading.
2. Address.
3. Salutation.
4. Body of the Letter.
5. Complimentary Close.
6. Signature.

3. **The Heading.** The *heading* of the letter indicates when and where the letter was written; *i. e.*, it gives the address of the writer and the date. It should contain all the information necessary to enable the recipient so to direct his reply that there will be no possibility of a mistake as to where the letter should be sent. If the sender lives in a city of any size the street address should always be given. The heading should be placed in the upper right-hand corner of the sheet, about one and one-half inches from the top, and should be written in a clear, plain hand so as to be perfectly legible. Business men usually have their letterheads printed. The heading may be one, two, or three lines, never more than three. The heading of a business letter usually occupies not more than one line.

4. **Punctuation of the Heading.** Care should be taken in the punctuation of the heading. A comma should be placed after the city, county, state, and the day of the month. A period should be placed after the heading and after each abbreviation. Do not use *st*, *d*, or *th*, in dates, if the year follows the day of the month.

Notice the punctuation of the heading in the forms given on the following page.

Form II.

KALAMAZOO, MICH., July 14, 1901.

DEAR MR. SMITH:
Austin, Tex.
DEAR SIR:

Form III.

PHOENIX, ARIZ.,
Aug. 23, 1901.

MESSRS. ORMSBY & CO.,
New Orleans, La.
GENTLEMEN:

Form IV.

AGRICULTURAL COLLEGE,
LANSING, MICH.,
July 14, 1901.

DEAR MRS. CHATT:
Boston, Mass.
DEAR MADAM:

5. The Address. The *address* contains the name of the person to whom the letter is written, with whatever titles he may have, and his residence or place of business. It may occupy two or three lines, but two are usually sufficient. Street numbers are rarely placed in the address. The city and state are placed on the same line, immediately below the name. Titles are, on account of custom and politeness, given to all persons to whom letters are written, as "Miss" or "Mrs.," "Mr.," "Messrs.," etc. Oftentimes these titles are added to names: "Esq." to that of a lawyer; "M. D." to that of a Doctor of Medicine; "LL. D." to that of a Doctor of Laws.

However two titles of the same class should not be added to the same name, as "Mr. John Smith, Esq.," "Rev. Henry Woodman, D. D."

6. The Salutation. The *salutation* is a term of politeness, respect, or affection used in addressing the person to whom the letter is written. For example, "Sir" is a formal salutation used chiefly in addressing official persons. "Gentlemen," "Sirs," may also be used. "Sir" is used in addressing a single individual, and "Messrs.," "Sirs," and "Gentlemen" in addressing more than one. Never abbreviate "Dear" to "Dr.," nor "Gentlemen" to "Gents," nor "Messrs." to "Mess." Do not write "My dear Sir" with a capital D in "dear." Except in very formal letters, however, it is never desirable to use the salutation "Sir," "Dear Sir," or "My dear Sir." It is always preferable to use the proper name, as "My dear Mr. Smith," "Dear Mr. Lapham," or "My dear Mrs. Arnold."

Form V.

FRIEND JONES:
Your kind letter is received and contents, etc.

Form VI.

MESSRS. J. P. WOOD & Co.,
Birmingham, Ala.
GENTLEMEN:
Your favor of the 13th inst., etc.

Form VII.

MR. E. STORMS,
Jacksonville, Fla.
DEAR SIR:
We send you by express to-day the goods, etc.

Form VIII.

MR. CHAS. JOHNSON,
Chicago, Ill.
MY DEAR SIR
In reply to your favor of November 24, etc.

7. The Body of the Letter. The *body of the letter* is that portion which contains the subject-matter or the communication. As time is a matter of the greatest moment to the business man, a correspondent should make his letters as brief as possible, using as few words as are consistent with the requirements of good English.

If the letter refers to more than one matter the points should be taken up in the order of their importance, the most important first, and so on. In writing a reply to a letter received, the same rule should be followed. If the letter is short, it should occupy as nearly as possible the middle of the page, but whatever its length, care should be taken to leave enough space at the bottom of the page for the complimentary close and the signature.

8. Directions. The following directions with regard to the proper construction and composition of a letter are of great importance, and should be noted with care:

1. A margin of from one-half an inch to one inch should be reserved at the left-hand side of the paper, and all lines with the exception of those commencing a paragraph should begin exactly at this point.
2. The margin on the right should be approximately from one-fourth to one-half an inch.
3. The punctuation of the body of the letter should be the same as that of any English composition. Do not put a period after Miss, 1st, 2d, 3d, 4th, etc. They are not abbreviations.
4. Do not write & for *and* except in firm names.
5. Do not abbreviate the names of cities.
6. Do not begin the names of the seasons with capitals.
7. Do not make too many paragraphs.

9. The Complimentary Close. The phrase of respect, courtesy, or endearment written at the end of a letter is called the *complimentary close.* The words used vary according to circumstances.

The complimentary close of a social letter may be "Yours truly," "Your friend," "Fraternally yours," "Yours as ever," "Very sincerely yours," etc., and should be in conformity with the salutation. The forms most used for business letters are "Yours truly," "Yours very truly," "Respectfully yours," "Very respectfully yours," etc. The complimentary close should be written on the next space below the body of the letter, and should begin not far from half the distance between the left-hand margin (see § 8) and the right-hand edge of the paper.

10. The Signature. The *signature* is composed of the name of the person or firm writing, and it should be written with care so that it may be easily read. Everyone should adopt some form of signature and always use the same form in signing letters and all business papers. In signing legal documents the first name should always be used, as, for example, "John W. Green" rather than "J. W. Green" or "J. William Green."

When one person signs a letter or business paper for another, as, for example, a clerk signing a firm name, he should sign the firm name and then, immediately below it, should write, "per ———" (his own name), in order to indicate by whom the letter or paper was signed. A comma should follow the complimentary close, and a period the signature. The signature should end near the right-hand margin of the paper. For illustration of the preceding, note the arrangement in Form IX.

Form IX.

SAN FRANCISCO, CAL., July 29, 1901.

MESSRS. J. K. JOHNSON & Co.,
City.

GENTLEMEN:

I have just returned to the city, after an absence of several days, and learn with much regret, from yours of the 11th inst., that my note has been protested for non-payment.

I hasten to withdraw it from the bank, and beg to say that such an oversight will not occur again.

Regretting the trouble it has caused you, I am,

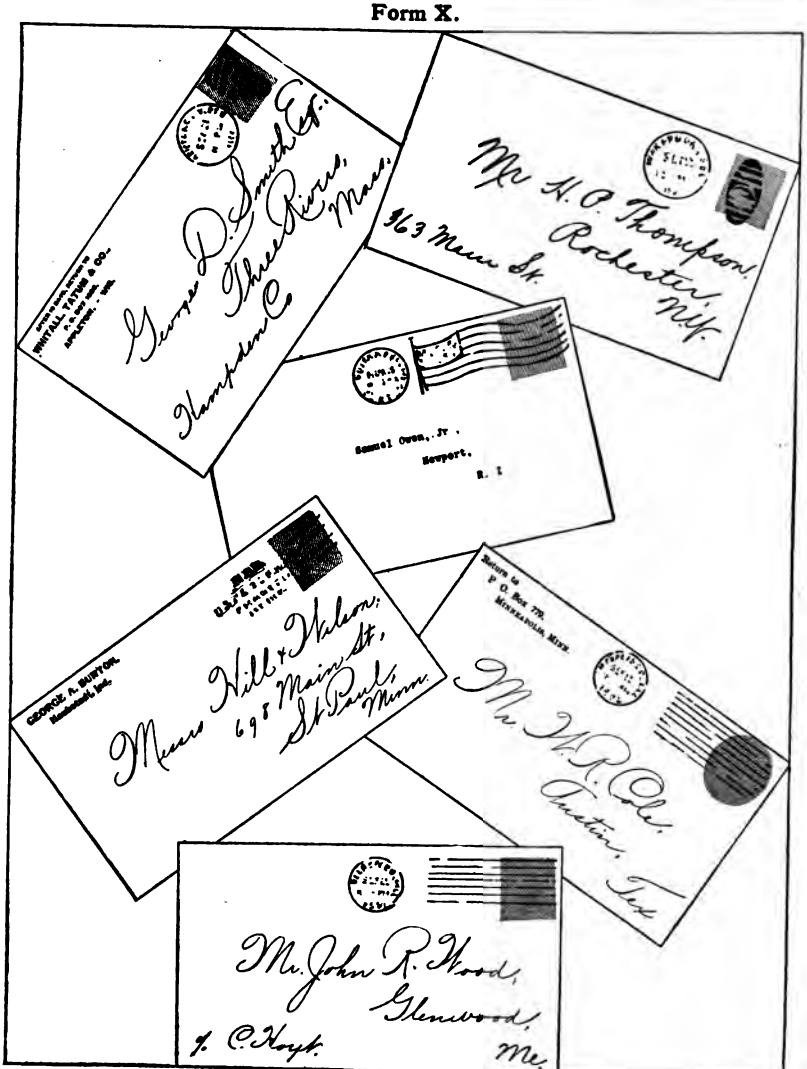
Yours truly,

F. O. ROBINSON.

11. Folding. In folding a business letter of the usual size, the first fold should be from the bottom towards the top, making the fold nearly in the middle of the sheet. See that the edges are exactly even, then press down the fold. Next fold the right side towards the center and then the left over the right. The letter as folded should be slightly shorter and narrower than the envelope. The last two folds should be equal. The letter should be inserted in the envelope so that the loose edges will be at the top and back.

12. The Address Upon the Envelope. In writing the address upon the envelope the name of the person addressed should be in a straight line, and a little below the middle of the envelope. Care should be taken to commence far enough to the left so that the blank spaces at either end will be about equal. After the name should come the street address, if the residence of the recipient is in a town of any considerable importance. This should be placed below and slightly to the right of the name. The name of the city

Form X.



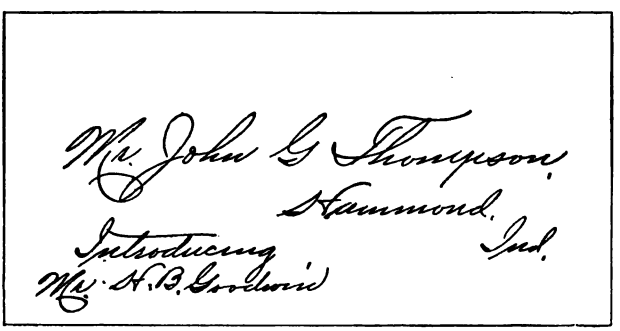
Forms of Address on Envelopes

or town should follow on the next line, and the name of the state should be placed near the lower right-hand corner. If the name of the county is added, it is usually placed in the lower left-hand corner, as is the name of the person in whose care the letter may be sent. The stamp should always be placed in the upper right-hand corner. The address of the sender should always be placed in the upper left-hand corner to insure its return should the postoffice authorities be unable to find the person to whom the letter is addressed.

13. Letters of Introduction. *Letters of introduction* are frequently used by business men to introduce a friend to some other business man or firm. A letter of this kind should state briefly the business of the person introduced and give such other information regarding him as the writer desires. It should not be sealed, as it would be very discourteous to the person introduced not to give him an opportunity to see the contents of the letter before presenting it.

The letter should be so addressed that the person receiving it may know at a glance that it is a letter of introduction.

Form XI.



An Addressed Envelope of Introduction

Form XII.

SEATTLE, WASH., Aug. 14, 1901.

MR. GEORGE L. SMITH,
Buffalo, N. Y.

DEAR FRIEND:

This will introduce to you Mr. Isaac M. Viele of this city, who is a friend of mine and one whom I know you will be glad to meet. He visits your city for the purpose of selecting a suitable location for business. If you can assist him in any way, your kindness will be appreciated by him and also by

Your sincere friend,
A. G. THOMPSON.

Form XIII.

MERIDEN, CONN., Aug. 14, 1901.

MR. CHARLES H. CARTER,
New York, N. Y.

DEAR FRIEND:

You will, I am sure, be glad to know my friend, Mr. George D. Johnson, whom this letter will introduce to you. He visits your city for the purpose of purchasing a stock of goods for a hardware store which he proposes to open in this city in the near future. Any favors which you can render him will be greatly appreciated.

Yours very truly,
HENRY R. MATHEWS.

14. **Letters of Recommendation.** Sometimes a *letter of recommendation* is given with a letter of introduction, but not always. Letters of recommendation are sometimes addressed to a particular person or firm, but usually they are addressed in a general way; as, "To whom it may concern," or "To the public."

There are few people who are not called upon occasionally to furnish such a letter. School officers are often requested

to give a letter of recommendation to a teacher. Ladies who employ servants in their homes are frequently asked, by those who have worked for them, for letters testifying to their capability and honesty. Business men oftentimes require those whom they employ to bring letters showing the character and ability of the applicant, and his fitness for the position which he expects to fill. As letters of recommendation are so common, it is quite necessary that everyone should know how to write a letter of this kind. Care should be taken not to be too extravagant in praise of the person who is recommended, but to simply state briefly his real merits and capabilities.

The form given below will show how a letter of recommendation is usually written:

Form XIV.

BUFFALO, N. Y., Sept. 1, 1901.

TO WHOM IT MAY CONCERN:

This is to certify that Mr. Charles W. Thompson has been in our employ during the past three years. He is a reliable young man, faithful and industrious in his habits, and we take pleasure in recommending him to anyone in need of such service as he is willing to undertake.

Respectfully,

WM. B. WILBERFORCE & Co.

15. Directions. There are certain titles and forms which, though not always recognized legally, have grown to be necessary through common usage. Here are some examples:

1. A minister of the Gospel should be addressed as "Reverend."

2. The President of the United States, the Governor of any state, and the Ambassadors of the United States should be addressed as "His Excellency."

3. The Vice-President, Senators, and Representatives of the United States, the Lieutenant-Governor of a state, state Senators, Judges, Mayors, and heads of Departments of the General Government should be addressed as "Honorable."

4. In official correspondence it is better to address the office than the officer, as, "To the Secretary of State, The Honorable John Hay. Sir:—", instead of "To the Honorable John Hay, Secretary of State."

5. The following miscellaneous titles are generally used: His Excellency and Mrs. Theodore Roosevelt; Governor and Mrs. Hazen S. Pingree; the Honorable and Mrs. William P. Frye; the Rev. Dr. and Mrs. James P. Henson; Prof. and Mrs. Chas. B. White; Mr. and Mrs. W. J. Burdick.

6. In writing letters to ordinary officials, it is customary to begin with the salutation "Sir:—" and close with "I remain your obedient servant," or "I have the honor, Sir, to be your obedient servant." A common form of addressing the President of the United States is, "To the President, Executive Mansion, Washington, D. C.," and the salutation merely, "Mr. President."

7. In writing a letter to a gentleman, the salutation should be "Dear Sir," "Dear Mr. ———," or if he be an old acquaintance, "My dear Sir," "Dear Friend," or "My dear Friend."

8. In writing a letter to a married woman, the salutation should be "Madam" or "Dear Madam" or "Dear Mrs. ———." If the lady is unmarried the salutation is "Dear Madam" or "Dear Miss ———."

CAUTION.—*Letters containing blots, erasures, or interlineations should never be posted, but should be rewritten. Careless writers show a lack of respect for the person written to, and the recipient of such a letter is likely to consider it of little importance.*

Exercises

1. Write a letter to a friend who lives in an adjoining state, giving him a cordial invitation to visit you.

2. You are about to visit a friend who lives in a distant city. Write him a letter telling him when you will arrive, and ask him to meet you at the train.

3. Write a letter to farmer Rice asking him if he can supply you with a few bushels of choice apples for your winter use. Ask him, also, what varieties he has, and the price per bushel.

4. You are a young man just beginning business for yourself with a small amount of capital. Write to a wholesale merchant asking him if he will sell you $500 worth of goods and give you four months' time in which to pay for them.

5. You receive a quantity of goods and a bill for the same, but you find that, in footing the bill, an error of $10.00 was made in favor of the wholesale merchant. Write him a polite letter calling his attention to the error.

6. You order a bill of goods from Johnson & Co., No. 231 Canal Street, Chicago, but the goods have not been shipped in time for your need. Write a letter countermanding the order.

7. H. C. Whitney of Downey, Cal., is owing you money which is long past due. Write him in reference to the matter. Mr. Whitney has given your letter no attention. Write him a second letter more pointed than the first. You now find that he does not intend to pay you the amount that he owes unless he is forced to do so. Write a letter to Howard & Johnson, attorneys at law, in Downey, Cal., and instruct them to commence legal proceedings for collection of the account.

8. Answer the following advertisements:

WANTED—BRIGHT BOY FOR OFFICE WORK. Must be good penman and quick at figures. Address in own handwriting, A. K., care Telegraph.

BOY—BRIGHT, SMART, ACTIVE OFFICE BOY; 17 or 18 years old; must be good penman and accurate in figures; salary $25 per month. Address, with references, P O 518, Tribune office.

YOUNG LADY—TO FILL VACANCY IN IMPORtant clerical department; one writing a rapid commercial hand preferred; age from 18 to 23 years; salary $6 to $7 to start; when qualified the position pays up to $60 a month; references required. Address N E 51, Tribune office.

WANTED—BOY, 15 YEARS OR OLDER; ONE LIVing with parents preferred. 712 W. Lake st.

BOYS—IN OFFICE OF LARGE WHOLESALE house; 15-16 years of age; must live at home and have good references; good opportunity for advancement; wages $4 to start. Address H 496, Record-Herald.

ADDRESSER—WELL EDUCATED YOUNG LADY; must be neat, accurate, and write good, plain, rapid hand; North Side; fine chance to advance. Address P 258, Tribune office.

9. You buy a quantity of goods and are allowed four months' time in which to pay for them. At the expiration of the four months you are unable to pay for the whole amount of the goods. Write a letter to the wholesale merchant offering to pay one-half of the amount at once, and to give your note due in thirty days for the balance.

10. Write to the Representative of your district in Congress asking him to send you a copy of his latest speech delivered in the House of Representatives.

11. Write a letter to The Ransom Mercantile Co., No. 78 Centre Street, Denver, Colo., ordering 10 cases of starch and 15 cases of Royal Blue blackberries to be shipped by freight. In ordering goods the number of articles desired is written in figures, not in words.

12. Write a letter to The Samuel J. Johnson Co., Birmingham, Ala., advising of the shipment by express of the dry

goods ordered of your salesman, Mr. Strang. Thank them for the order, and express the hope that you may receive further orders from them in the near future.

13. Write out the following exercises, punctuating and arranging each specimen correctly:

Chicago Ill Jan 17 1901 J F Lamborn Plainfield N J Dear Sir We have your recent letter and beg leave to inform you that we have turned the matter over to our attorneys Messrs Lamb & Jackson of your city Yours truly James & Hackett

J S Slocum & Co Cotton Brokers New Orleans La No 76 Water St Sept 7 1901 Mr B B Sweet Steamboat Rock Iowa Dear Sir We have received your inquiry with regard to cotton and would advise you to buy now as we are confident that the price will advance materially in the near future kindly advise us by return mail as to your decision and we will endeavor to do the best we can for you Very truly yours J S Slocum & Co

14. Your friend, C. B. Stimpson, is about to go to Cincinnati, O., to seek employment as a stenographer. Write a letter of recommendation for him. To whom is such a letter usually addressed?

15. Miss Alice Jones has been a successful teacher in your school during the past year, and asks for a letter of recommendation. Write the letter.

16. Mary Milligan has been employed as servant in your father's family for the past two years and has given entire satisfaction. Write a letter of recommendation for her.

17. You are a commission merchant in Detroit, and one of your customers is putting up fruit which he ships to you in a very unsatisfactory manner. Write him in regard to the matter.

18. You are shipping produce to Smith Bros., commission merchants, New York. They are slow in sending returns of sales, and have made excessive charges for drayage, etc. Write a polite but pointed letter to them asking for an explanation.

19. You buy a quantity of goods of a wholesale house. Write the firm, calling their attention to the fact that the goods are not as represented, and refuse to accept them.

Study the following models for friendly or business letters:

Form XV.

SOUTH BEND, IND., NOV. 14, 1901.

MR. GEORGE R. EDWARDS,
Centerville, Ill.

FRIEND GEORGE: — I learned only a few days ago that you are living in Centerville, and take the first opportunity, since learning your address, to write to you. I hope to receive from you in reply a long letter telling me something of yourself and family. It would be a great pleasure to me to see you all again. How have you been all these long years? I hope you are prosperous and happy.

I have just returned from a visit to our old home in Maine. Many changes have occurred since we were there together. There are, of course, the same hills and the same valleys; and the same little brook goes rippling along just as it used to do when we were boys and played on its banks. But nearly all of our old friends and schoolmates are gone; some have died and some have emigrated to the far West in search of new homes. Perhaps you may know where some of them are; if so, I should be glad to have you send me their addresses so that I may write to them.

Awaiting the pleasure of your reply, I am as ever,

Your friend,

PERRY E. WILLIAMS.

Form XVI.

EXCELSIOR SPRINGS, MO., April 10, 1901.

MESSRS. BECKHAM, MCKNIGHT & CO.,
Wholesale Grocers, Kansas City, Mo.

GENTLEMEN:

I have made arrangements to engage in the grocery business, and shall open a new store at this place about May 1st.

I have not yet purchased my stock of goods, and at the urgent request of some of my friends, I have decided to write you to ask what inducements you can offer me. If your prices and terms are satisfactory, I shall be pleased to give you my order for goods.

I have about $2,000 cash, and am prepared to give good security for any goods which I may wish to purchase in excess of this amount.

Yours truly,
CHARLES A. MITCHELL.

Form XVII.

GRAND TRAVERSE, MICH., NOV. 20, 1901.

MESSRS. A. S. FROST & CO.,
Chicago, Ill.

GENTLEMEN:

I have shipped you by freight to-day, as per invoice and bill of lading enclosed, twenty barrels of choice winter apples which I wish you to sell for me on commission at the highest price your market will afford.

These apples have been carefully packed, and as they are of the best quality of winter fruit, I feel confident they will please your customers. If this lot meets with ready sale at satisfactory prices, I shall make another shipment soon.

Please keep me informed regarding the apple market in your city, and oblige,

Yours truly,
PETER VAN ZEE.

Form XVIII.

TACOMA, WASH., Nov. 18, 1901.

MR. E. J. WOODBRIDGE,
City.

DEAR SIR:

Enclosed herewith I mail you a statement of your account with me, showing a balance in my favor of $65.45.

I do not wish to unduly urge you for payment of this account, but I am obliged to use all the funds which I can command, to meet an obligation coming due on the 21st inst., and if you can accommodate me by payment of the account before that date, I shall esteem it a great favor.

Kindly let me hear from you at your earliest convenience, and oblige,

Yours truly,

W. M. BACON.

16. Telegrams. Many important business messages sent by one person or firm to another go by telegraph and not by mail, and most individuals find it necessary, occasionally, to send personal messages by telegraph.

As the cost of sending a telegram depends upon the number of words in the message, they are usually made as brief as possible. In sending a telegram to any part of the United States or Canada the number of words in the body of the message only are counted, no charge being made for the address or signature. As many words as are necessary may be used in giving the address of the person to whom the message is sent. The body of the message may contain ten words, and no deduction is made if the number is less; but if the body of the message contains more than ten words, each additional word is charged for. The rate of charges depends upon the distance.

17. Night Rates and Cable Messages. As the telegraph lines are not so busy at night, messages may then be sent at half rates. Business men frequently take advantage of these low rates in sending messages long distances. These messages are delivered in the morning as soon as business offices are opened, and often answer the purpose quite as well as the full rate messages. For the convenience of those who wish to take advantage of the night rates, a special blank is provided, usually printed in red. Night letters, also day letters, of fifty words or more may now be sent at very low rates.

All messages which go by cable to foreign countries are charged for according to the number of words, including the address and signature.

18. Forms of Telegrams. Blanks are provided by the telegraph companies for the convenience of persons sending messages. In writing the message it is usually not necessary to use any title, as "Mr." or "Messrs.," before the name of the person or persons addressed, and no salutation is used, such as "Dear Sir" or "Dear Madam" or "Gentlemen"; neither is it necessary to use any complimentary close, such as "Yours truly" or "Respectfully yours."

Telegrams should not be made so brief for the sake of saving a small expense that they cannot be understood, and important telegrams should be repeated to make sure that they have been sent correctly.

Example: Let us suppose that Mr. D. W. Simpson, who lives in Jackson, Mich., wishes to telegraph to Messrs. Brown & Hammond at Chicago, to send him at once, by express, ten bushels of timothy seed. He would write a message something like that shown in Form XIX.

Form XIX.

Blank No. 1205.

THE WESTERN UNION TELEGRAPH COMPANY

(INCORPORATED.)

THOS. T ECKERT, President and General Manager

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE CONDITIONS PRINTED ON OUR FORM NUMBER TWO.

SEND the following message subject to the terms printed on your form number two, which are hereby agreed to. Jackson Mich Aug 9 1898

To Brown and Hammond,
West Water St
Chicago,
Ship ten bushels timothy
seed by Pinas Express
D. W. Simpson

8 Paid

A Telegram

Form XX.

NIGHT LETTER Form 1201

THE WESTERN UNION TELEGRAPH COMPANY

50,000 OFFICES IN AMERICA CABLE SERVICE TO ALL THE WORLD

THEO. N. VAIL, PRESIDENT BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED No. | TIME FILED | CHECK

SEND the following NIGHT LETTER subject to the terms on back hereof which are hereby agreed to. St. Louis, Sept. 1,1911

Rand McNally & Co.,

Chicago, Ills.

Ship, Chicago Alton, fifty Dodge Elementary Geographies, seventy Dodge Advanced, one hundred Mace School Histories, twenty Mace Primary, fifty Business Methods, twenty-five Holton Primers, twenty Book One, twenty-five Book Two, twenty-five Book Three Lights to Literature Readers. Rush. Schools open Monday. Back order items out of stock.

F.H.Perry.

THE POSTAL COMPANY'S SYSTEM REACHES ALL IMPORTANT POINTS IN THE UNITED STATES AND BRITISH AMERICA, AND via COMMERCIAL CABLES, TO ALL THE WORLD.

A Night Lettergram

19. Telegraphic Codes. A *telegraphic code* is a list of words, each one of which may mean a whole sentence or a part of a sentence. Many business firms now use such codes when sending messages by telegraph. It is, of course, necessary that the sender and receiver of the message should each have a copy of the code. The person who receives the telegram takes each word separately, and by referring to the code he can readily understand the meaning of the message. There are several telegraphic codes in general use, one of which is called the A B C telegraphic code; another is called the Western Union telegraphic code.

Example: Suppose S. E. Grove & Co. of Philadelphia, Pa., wish to telegraph to Eldridge Bros., Chicago, this message, "Goods are not same as samples. What discount allowed for cash? Cancel all contracts until further advice." If they should use the A B C code in transmitting the message, they would write the message as shown by the form below:

Form XXI.

PHILADELPHIA, PA., Oct. 28, 1901.

ELDRIDGE BROS.,
Chicago, Ill.
Glossary, Dismember, Calabrian.

S. E. JOHNSON & Co.

The meaning of these words, when translated by the A B C telegraphic code, is as follows:

"Glossary," Goods are not same as samples.
"Dismember," What discount allowed for cash?
"Calabrian," Cancel all contracts until further advice.

It will readily be seen that by this method much information may be transmitted by telegraph at a small cost. These codes are generally used in telegraphing to foreign countries.

Exercises

1. Write a telegram not exceeding ten words, ordering 3 barrels of granulated sugar of W. M. Hoyt & Co., Chicago, to be shipped at once by freight.

2. Write a telegram not exceeding ten words to J. R. Thompson, Battle Creek, Mich., asking him to meet you at Battle Creek at the arrival of the three o'clock train east.

3. Write a telegram, as brief as possible, to Reid, Murdoch & Co., Chicago, informing them that the goods ordered ten days ago have not yet arrived. Ask them why.

4. Telegraph George W. Smith, Milwaukee, c/o Pfister House, that his store burned this morning, and ask him to come home at once.

5. You have ordered of Hibbard, Spencer, Bartlett & Co., Chicago, 10 kegs of nails. Telegraph them to send 15 kegs instead of 10. Make the telegram as brief as possible.

6. The Thomas J. Eckert Co. of San Jose, Cal., order by telegraph from Sampson, Lahiff & Co., Sioux Falls, S. D., 100 bu. timothy seed and 500 bu. clover seed, to be sent by freight. Write the telegram and do not let it exceed ten words.

7. Telegraph Bruce Davis, No. 741 Center Street, Muncie, Ind., that you cannot fill his order for beans at the price offered, 84c., and advise him that you will explain by letter. Write the letter, confirming your telegram, and give him full explanation.

Caution.—*Remember that in telegraphing, all figures are counted. If the number ten were expressed in figures, 10 would be counted as two words; 105 would be counted as three words. Therefore it is better to write out in full all words expressing numbers.*

CHAPTER II.

BILLS, INVOICES, STATEMENTS OF ACCOUNT, RECEIPTS

20. Bills. A *bill* is an itemized account of goods bought or work performed. It should contain the names of the parties buying and selling, the date and place of sale, the kind, quantity, and price of the goods sold, and the terms of sale.

If a merchant sells a quantity of goods, a bill is usually made out, giving a list of the articles sold and the price, and if payment is made for the goods, the seller writes at the bottom of the bill, "Paid," or "Received payment," and signs his name. If payment is received by a clerk, he "receipts the bill" by signing the proprietor's name, followed by his own name, as in the following form:

Form XXII.

BILL OF GOODS

CINCINNATI, O., Sept. 1, 1901.

MR. J. P. WILSON

Bought of R. W. Hill & Co.

114 lbs. Coffee @ 20 cts.	*$22.80*
225 lbs. Canned Peaches @ 10 cts.	*22.50*
	$45.30

Received payment.

R. W. HILL & CO.,

per G. ALLEN.

21. Bills for Labor or Account. In making out a bill for work performed or for an account which has been running for some time, the heading of the bill is somewhat different from that for goods sold.

Example: Suppose John D. King has been at work for C. W. Pennel 3½ days at $1.50 per day and has furnished 20 lbs. of nails at 3½ cts. per lb. and 385 ft. of lumber at $14.50 per 1,000 ft. He would make out a bill something like the following:

Form XXIII.

CAMDEN, N. J., Aug. 9, 1901.

C. W. PENNEL

To JOHN D. KING, Dr.

To 3½ days' labor	*@ $1.50*	*$5.25*
" 20 lbs. Nails	*@ 3½ cts.*	*.70*
" 385 ft. Lumber	*@ $14.50*	*5.58*
		$11.53

Should John D. King wish to sell the account to O. D. Snyder, it would be necessary to assign the account by writing the assignment across the back. The assignment would be as shown in the following form :

Form XXIV.

In consideration of ——— dollars, the receipt of which is hereby acknowledged, I hereby sell and assign to O. D. Snyder, the within account, which is justly due from the within named C. W. Pennel, and I hereby authorize the said O. D. Snyder to collect the same.

CAMDEN, N. J., Aug. 9, 1901. JOHN D. KING.

22. Invoices. When a customer buys a quantity of goods from a wholesale house, the firm of whom the goods are purchased makes out a list of the various goods bought and the price of each kind, and gives it to the buyer. This itemized

statement is called by the buyer an *invoice*, and by the seller a *bill*. It has, however, become quite customary for both buyer and seller to call it an invoice. An invoice, then, is an itemized statement of goods bought of a manufacturer or dealer, with the place and date of sale, the names of the parties buying and selling, the quantities and prices of the goods, and the terms of sale.

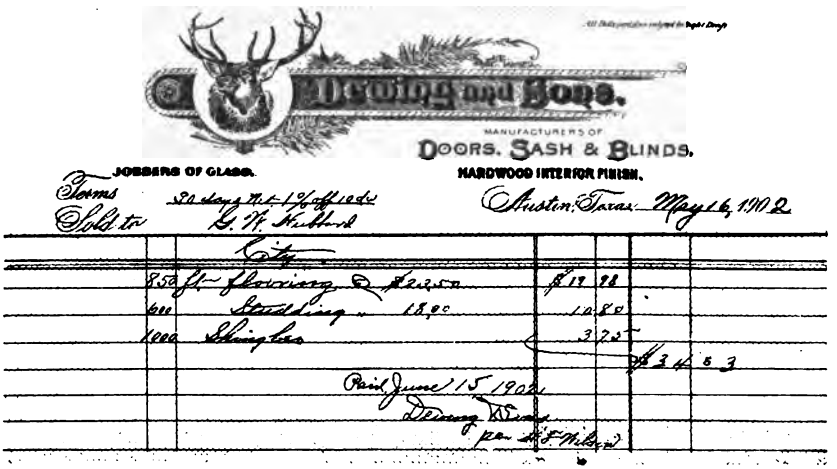
The first double column to the right of the invoice is the column in which are placed the various amounts showing the cost of the different articles sold, and the carrying out of the cost into this double column is called extension, or extending the amounts. In finding the various amounts of an invoice or bill it frequently occurs that the result involves the fractional part of a cent. In such cases it is customary to drop the fractional part of a cent if it is less than one-half, and if it is more than one-half, to call it one cent. If the results obtained contain more than one half cent, the first is called a whole cent and the next half cent is dropped.

The forms given on page 37 are common forms of invoices or bills. If there are any discounts, (§§ 24 and 25) they are entered in the first double column and the difference or amount of the bill is carried out into the last column.

23. Corrected and Duplicate Invoices. Sometimes it is found after an invoice has been sent to the purchaser of the goods that there is an error in the amount shown by the invoice, or the terms of discount are incorrect. It is then necessary to make out a new invoice, mark it "Corrected Invoice," and send it to him.

If an invoice which has been sent to a purchaser of goods does not reach him, a new invoice exactly like the first should be made out and at the bottom should be noted that this is

Form XXV.



Deming and Hope.

MANUFACTURERS OF

DOORS, SASH & BLINDS.

JOBBERS OF GLASS. HARDWOOD INTERIOR FINISH.

Terms 30 days Net 1% off 10 days

Austin, Texas May 16, 1902

Sold to G. W. Kirkland

City

850	ft. flooring & Ceiling		$17	00
600	Siding "	18.00	10	80
1000	Shingles		3	75
			$31	55

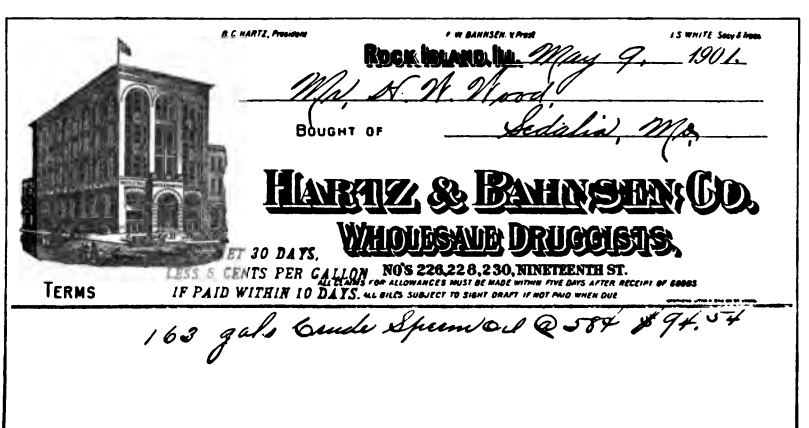
Paid June 15 1902

Deming Mfg. Co.

per W. F. Mikell

An Invoice

Form XXVI.



B. C. HARTZ, President — F. W. BANNSEN, V. Pres't — I. S. WHITE, Sec'y & Treas.

ROCK ISLAND, Ill. May 9, 1901

Mr. N. N. Wood,

BOUGHT OF Sedalia, Mo.

HARTZ & BANNSEN CO.

WHOLESALE DRUGGISTS,

NO'S 226,228,230, NINETEENTH ST.

ALL CLAIMS FOR ALLOWANCES MUST BE MADE WITHIN FIVE DAYS AFTER RECEIPT OF GOODS

ALL BILLS SUBJECT TO SIGHT DRAFT IF NOT PAID WHEN DUE

NET 30 DAYS.

LESS 5 CENTS PER GALLON

TERMS IF PAID WITHIN 10 DAYS.

163 gals Crude Spermoil @ 58¢ $94.54

Invoice with Terms of Discount noted

Form XXVII.

C.M. CHAMBERLIN, Pres. H. B. PECK, Vice Pres't. W. D. EDWARDS, Sec'y. A. K. EDWARDS, Treas.

The Edwards & Chamberlin HARDWARE CO.

SHELF & HEAVY HARDWARE

Kalamazoo, Mich. Oct. 20, 19—

Book Folio

Salesman

Sold to Cawley & Cawley,

TERMS

Kendallville, Ind.

Claims for errors and deductions must be made on receipt of goods. No allowances for exchange or express charges on remittances. Interest will be charged after maturity.

2	doz.	Wheelbarrows	@	$14.50	29	00	
1	"	8 ft. Stand Step Ladder			14	00	
200	lbs.	Sheet Zinc	@	.08	16	00	
					59	00	
				Less 5% trade discount	2	95	
							$56 05

An Invoice with Terms of Discount noted

a "Duplicate Invoice." This invoice should be sent him to take the place of the one which was lost.

When a bill or invoice is receipted by the seller, if there is not sufficient room to sign his name at the foot of the invoice, he may write it on the margin of the sheet or across its face.

24. Trade Discount. In business transactions, reductions or allowances are sometimes made from the amount of an account, a debt, or the face of a note, and these reductions are called *discounts*. Manufacturers and wholesale dealers sometimes allow to their best customers, and to those who buy in large quantities, a discount from the amount of the bill, and this is called *trade discount*.

Sometimes two or more discounts are given in succession.

Example: A merchant buys a bill of goods amounting to $150 and is allowed a discount of 10% and 5% off from the list price. This does not mean a reduction of 15% of the amount of

Form XXVIII.

We render statements for bills, DUE AND NOT DUE, as per our Ledger, on the first of each month. This gives opportunity for the correction of errors and is not a demand for bills NOT DUE.

MONTHLY STATEMENT.

New York, AUG-1 1901

Hartz & Bahnsen Co.,
Rock Island, Ill.

IN ACCOUNT WITH **EAGLE PENCIL CO.**

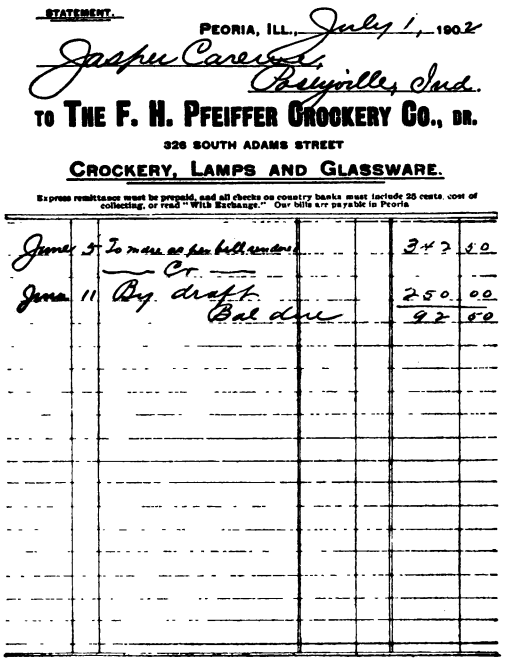
Office and Salesroom, 377 and 379 Broadway,

PENCIL & RUBBER WORKS, No. 702 TO 722 EAST 14TH ST
STEEL PENCIL WORKS, No. 708 TO 728 EAST 13TH ST

May	22	To Mdse	Sept 1/0.	177	85
			Net 30d		
	25		2/10-60	7 20	
July	26			76	
	"		" "	6 40	
				32	
					1945

Statement of Account showing several Debits and no Credit

Form XXIX.



STATEMENT.

PEORIA, ILL., July 1, 1902

Jasper Carey & Co.
Berryville, Ind.

TO THE F. H. PFEIFFER CROCKERY CO., DR.

326 SOUTH ADAMS STREET

CROCKERY, LAMPS AND GLASSWARE.

Express remittance must be prepaid, and all checks on country banks must include 20 cents cost of collecting, or read "With Exchange." Our bills are payable in Peoria.

June	5	To mdse as per bill rendered		342	50
		— Cr. —			—
June	11	By draft		250	00
		Bal due		92	50

Statement showing one Debit and one Credit

the bill, but it means a reduction of 10% from $150 and 5% of the remainder after deducting the amount of the first discount. In the foregoing example, 10% of $150 would be $15.00. Subtracting this from the amount of the bill gives us the new amount of $135, the amount the merchant is to pay if but one discount is allowed. But there is a second discount of 5%, and 5% of $135 is $6.75. Now if we subtract $6.75 from $135 we have $128.25, the amount the merchant is to pay, unless he is entitled to a cash discount also.

Form XXX.

STATEMENT.

PEORIA, ILL., May 1, 190-

R. A. Sheldon, Davenport, Ia

TO THE F. H. PFEIFFER CROCKERY CO., DR.

329 SOUTH ADAMS STREET.

CROCKERY, LAMPS AND GLASSWARE.

Express remittance must be prepaid, and all checks on country banks must include 25 cents, cost of collecting, or read "With Exchange." Our bills are payable in Peoria

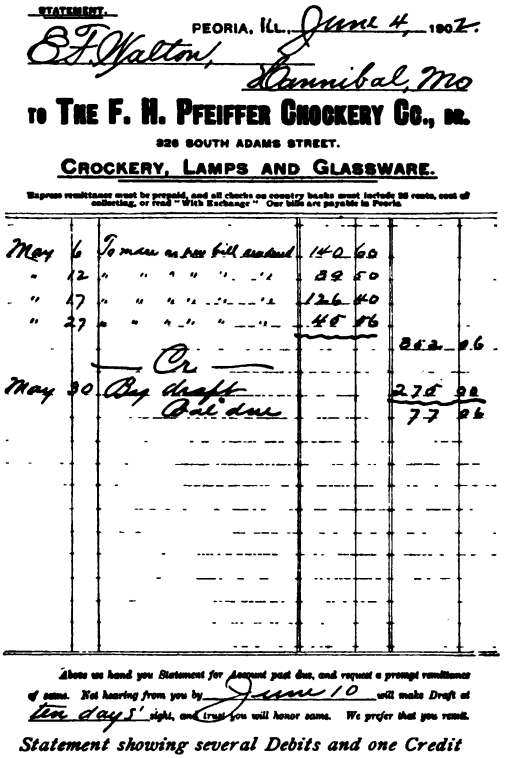
Apl	12	To mdse as per bill rendered			348 00
		Cr.			
Apl	23	By draft	150	00	
"	27	" "	72	50	
"	29	" "	25	00	
					247 50
		Balance due			97 50

Above we hand you Statement for Account past due, and request a prompt remittance of same. Not hearing from you by May 6 will make Draft at sight, and trust you will honor same. We prefer that you remit.

Statement showing one Debit with several Credits

We would proceed in the same manner as in the preceding example if there were more than two discounts. Merchants establish a selling price for their goods which they call the list price. As circumstances arise and the prices of their goods have to be changed they change the price to their customers by changing the discounts. Thus, to one not acquainted with the methods of marking, the prices of one

Form XXXI.



STATEMENT.

PEORIA, ILL., June 4, 1902.

E. F. Walton,
Hannibal, Mo

TO THE F. H. PFEIFFER CROCKERY CO., DR.

328 SOUTH ADAMS STREET.

CROCKERY, LAMPS AND GLASSWARE.

Express remittance must be prepaid, and all checks on country banks must include 25 cents, cost of collecting, or read "With Exchange." Our bills are payable in Peoria

May	6	To mdse as per bill rendered	140 60	
"	12	" " " " "	82 50	
"	17	" " " " "	126 40	
"	27	" " " " "	48 96	
				862 96
		Cr		
May	30	By draft		276 00
		Bal due		77 96

Above we hand you Statement for Account past due, and request a prompt remittance of same. Not hearing from you by June 10 will make Draft at ten days' sight, and trust you will honor same. We prefer that you remit.

Statement showing several Debits and one Credit

man's goods might appear to be vastly more than those of another, while if he should take into account the discounts, he would find that they were very nearly the same.

25. **Cash Discount.** Most business houses give their customers 30, 60, or 90 days in which to pay their bills, and allow them a certain percentage of the total or gross amount if the bills are paid before they are due. For instance, if the

Form XXXII.

STATEMENT.

PEORIA, ILL., Oct. 3, 190 2

The Model Grocery Co.
Peoria, Ills

TO THE F. H. PFEIFFER CROCKERY CO., DR.

326 SOUTH ADAMS STREET

CROCKERY, LAMPS AND GLASSWARE.

Express remittance must be prepaid, and all checks on country banks must include 25 cents, cost of collecting, or read "With Exchange." Our bills are payable in Peoria.

Dept	No.				
Dept	4	To mdse. as per bill rendered	124	60	
"	7	" " " " " "	48	64	
"	14	" " " " " "	143	24	
					316 38
		Cr			
"	12	By chk	120	00	
"	16	" "	45	00	
"	25	" "	125	00	
					290 00
		Balance due			26 38

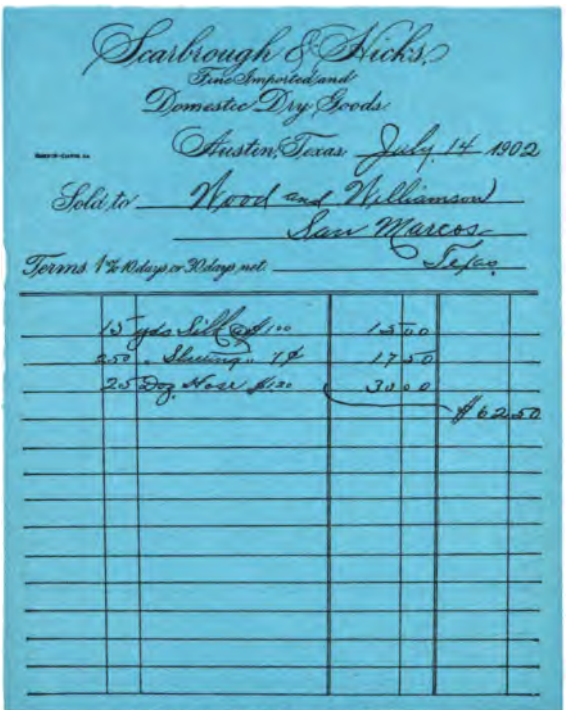
Above we hand you Statement for Account past due, and request a prompt remittance of same. Not hearing from you by October 8 will make Draft at ~~~~~ sight, and trust you will honor same. We prefer that you remit.

Statement showing several Debits and several Credits

whole amount be due in 30 days a wholesaler may allow 2% off from this total amount if paid in 10 days.

In Form XXXIII. you will notice that the terms given are 30 days net or 1% off in 10 days, which means that if the customers wait 30 days before paying, they must pay Scarbrough & Hicks $62.50, but if they pay within 10 days' time, they will be allowed to subtract 1% of the amount, or 63 cents, and

Form XXXIII.



Scarbrough & Hicks,
Fine Imported and
Domestic Dry Goods.

Austin, Texas, July 14 1902

Sold to Wood and Williamson
San Marcos
Texas

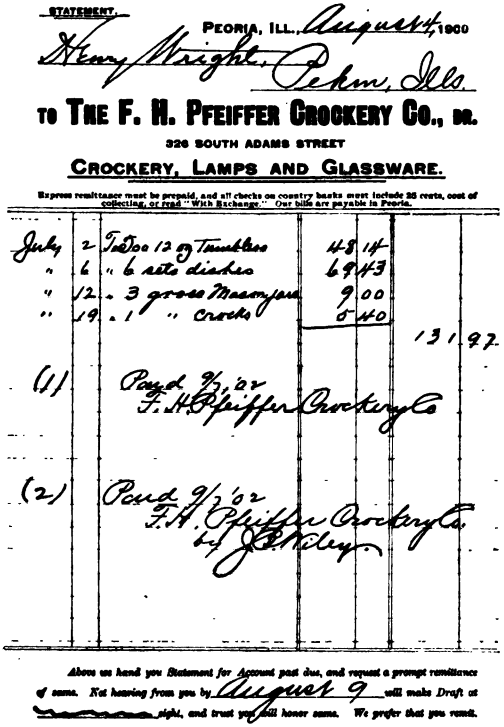
Terms 1% 10 days or 30 days net

15	Yds Silk	@ 1.00	15	00	
250	" Shirting	@ 7¢	17	50	
25	Doz. Hose	@ 1.20	30	00	
					$62.50

A Bill showing Terms of Discount

remit the balance, or $61.87. These terms of discount are often written as follows: 2/10, 1/30, or 60 net, which means, of course, that the buyer will be allowed a discount of 2% if he pays within 10 days, and a discount of 1% if he pays within 30 days, but if he waits until the expiration of the 60 days he would not be entitled to any discount, but must pay the whole amount of the bill.

Form XXXIV.



STATEMENT.

PEORIA, ILL., August 4, 1900

Henry Wright, Pekin, Ills.

TO THE F. H. PFEIFFER CROCKERY CO., DR.

326 SOUTH ADAMS STREET

CROCKERY, LAMPS AND GLASSWARE.

Express remittance must be prepaid, and all checks on country banks must include 25 cents, cost of collecting, or read "With Exchange." Our bills are payable in Peoria.

July	2	To 12 doz Tumblers		48	14
"	6	" 6 sets dishes		69	43
"	12	" 3 gross Mason jars		9	00
"	19	" 1 " crocks		5	40
					131 97
(1)		Paid 8/2/'02 F. H. Pfeiffer Crockery Co			
(2)		Paid 9/2/'02 F. H. Pfeiffer Crockery Co. by J. B. Ridley.			

Above we hand you Statement for Account past due, and request a prompt remittance of same. Not hearing from you by August 9 will make Draft at sight, and trust you will honor same. We prefer that you remit.

Statement of Account Paid

26. Statements of Account. A *statement of account* is quite a different thing from an invoice or bill. It shows all the debits and credits of an account as they appear on the books of the seller. If an invoice was made out and delivered to the purchaser when the goods were bought, it is not necessary to make an itemized statement, but simply to give the amount of each purchase and the date "As per bill rendered."

Sometimes when goods are sold on account by retail establishments, no bill is made out until the end of the month. In such cases an itemized statement should be rendered, giving a list of all the articles sold. In the retail business these statements are usually made out at the end of each month, and in the wholesale trade, statements are made at the expiration of the term of credit. Usually these terms of credit are 30, 60, or 90 days, and sometimes four or five months.

When a statement is paid, it should be receipted the same as an invoice or bill, and returned to the person who paid it.

Form XXXV.

CREDIT MEMORANDUM

Pittsburgh, Oct. 19th. 189 5.

Mrs. A. M. Ford,
Wilmington, Del.,

In Account with **Armstrong Cork Company,**

Corner Twenty-fourth and Railroad Streets.

8	3 lps 14 x x x x Sap B&F	348	30	16	
	Less 40 %		12	06	✓
					18 10
	Returned				

A Credit Memorandum

27. Credit Memorandum. Sometimes when goods are ordered, they do not prove satisfactory to the purchaser and they are returned, or the price is higher than he expected to pay, or for some other reason a rebate or deduction is made to

the purchaser. In such case a *memorandum of credit* is made out by the party selling the goods and sent to the purchaser, showing how much credit or reduction will be allowed to him.

This memorandum of credit is a statement quite like an invoice in form, except that it shows a credit instead of a debit. Usually, but not always, it is printed in red or green, or some color different from that of the invoice.

28. Receipts. When one person gives another money or other valuables for goods bought or labor performed, it is customary for the receiver of these valuables to give to the payer a written statement showing that the debt has been paid. This written statement is called a *receipt* or *voucher*. A receipt should contain the name of the place where written, the date, the names of the persons interested, and should state for what the valuable consideration was given. Blanks for receipts may be obtained at any stationery store.

Care should be taken to preserve all receipts of whatever kind, for if there were no receipt or other evidence to show that the debt had been paid, it would perhaps be necessary to pay the account or obligation a second time.

Form XXXVI.

RECEIPT TO APPLY ON ACCOUNT

$25.00 OGDEN, UTAH, *July 9, 1902.*

Received of Frank Brown, twenty-five dollars, to apply on his account. PETER MORRIS.

Form XXXVII.

RECEIPT IN FULL OF ACCOUNT

$42.35 YORK, NEB., *June 25, 1902.*

Received of J. W. Thompson, forty-two and 35-100 dollars, in full of account to date. E. P. WOODMAN.

Form XXXVIII.

RECEIPT FOR MERCHANDISE ON ACCOUNT

$12.60 LAUREL, DEL., *March 2, 1902.*

Received of George P. Simpson, forty-two bushels of oats at 30c. per bushel, to apply on account. R. P. WATERMAN.

Form XXXIX.

RECEIPT IN FULL OF ALL DEMANDS

$345.35 NORFOLK, VA., *Nov. 7, 1901.*

Received of E. Norton, three hundred and forty-five and 35-100 dollars, in full of all demands to date. WM. DICKINSON.

Form XL.

RECEIPT FOR HOUSE RENT

$12.50 HELENA, MONT., *April 30, 1901.*

Received of Samuel Hopkins, twelve and 50-100 dollars for rent of house No. 99 Grove Street, for one month ending April 30, 1901.

MRS. SARAH SMITH.

Form XLI.

RECEIPT BY PERSON WHO CANNOT WRITE

$23.00 SHELBY, N. C., *July 21, 1901.*

Received of T. G. Benson, twenty-three dollars, in full of all demands to date.

Witness: J. W. BLUM.
S. E. SANGREN.

His
JOHN X SMITH.
mark

NOTE.—All receipts and all other documents signed by a person who cannot write should also be signed by witnesses.

Form XLII.

RECEIPT FOR PAYMENT OF ACCOUNT BY ONE PERSON FOR ANOTHER

$15.00 CLINTON, IND., *Jan. 5, 1902.*

Received of A. J. Hill, fifteen dollars, to apply on the account of Hiram Cooper. SMITH MANUFACTURING CO.,
Per D. H. MOORE.

Form XLIII.

RECEIPT FOR PART PAYMENT ON NOTE

$100.00 ST. LOUIS, MO., *Dec. 17, 1901.*

Received of W. O. Billings, one hundred dollars, to apply on his note of three hundred dollars in my favor, dated May 3, 1899.
H. C. HAMILTON.

NOTE.—The amount of the payment on a note should also be indorsed on the back of the note. (See chapter on Promissory Notes.)

Form XLIV.

RECEIPT FOR MONEY PAID BY ADMINISTRATOR OF AN ESTATE

$4.50 HARTFORD, CONN., *Jan. 2, 1902.*

Received of R. W. Brown, administrator of the estate of H. J. Cole, deceased, four and 50-100 dollars, for services as clerk at auction of property belonging to said estate. A. P. SIMONDS.

Form XLV.

RECEIPT FOR MONEY ADVANCED ON CONTRACT

$25.00 ATLANTIC CITY, N. J., *June 5, 1902.*

Received of Homer B. Sparr, twenty-five dollars, as part payment on contract dated April 14, 1901, for furnishing 100 perch of stone at $1.00 per perch. F. W. TABOR.

Form XLVI.

RECEIPT FOR LOST OR STOLEN NOTE

$125.00 SAN FRANCISCO, CAL., *August 8, 1901.*

Received of James R. Powers, one hundred and twenty-five dollars, in full payment of his note in my favor, dated July 8, 1900, without interest.

Said note has been lost or stolen. G. H. PARKER.

NOTE.—When payment is received for a note which has been lost or stolen, it is usually customary to give a bond, called an indemnity bond. (See form in chapter on Promissory Notes.)

29. Orders. Orders in the commercial sense mean directions or commands by one person on another to give to the party holding the order that which is mentioned therein.

The following are common forms of orders:

Form XLVII.

ORDINARY FORM OF ORDER

DOWAGIAC, MICH., *June 6, 1902.*

MR. W. J. BURDICK:

Please deliver to W. Buckingham, goods from your store amounting to fifteen dollars, and charge to my account.

L. THORNTON.

Form XLVIII.

ORDER PAYABLE IN CASH

$25.00

MR. JOHN C. SMITH:

Please pay to G. D. Williams, twenty-five dollars, and charge the same to my account.

G. W. POWERS.

From XLIX.

FORM OF DUE BILL

$9.75

Due C. W. Pennell, nine and 75-100 dollars in merchandise from my store.

O. D. SNYDER.

QUESTIONS AND EXERCISES

1. What is the difference, if any, between an invoice and a bill?

2. What is the difference between an invoice and a statement of account?

3. If a man comes into your wholesale store and buys a bill of goods, should you give him an invoice or should you make for him a statement of account?

4. You sell a bill of goods to R. W. Powers, Oshkosh, Wis., and make out an invoice which you send him, showing the amount of the bill to be $123.50. You afterward discover that you have made an error and the amount should have been $125.50. What would you do?

5. You sell a bill of goods to D. W. King & Co. of Toledo, O., and send them an invoice of the same. At the expiration of ten days you receive a letter from them stating that no invoice was received from you. What would you do?

6. You sell a bill of goods to G. D. Sturgis, Osage, Iowa, amounting to $534.58, due in thirty days. At the end of that time he has not remitted for the goods. Send him a statement of account. Write him a letter dated ten days later, notifying him that his account is past due and make an urgent request for its payment. Ten days later telegraph him that you are greatly in need of the money and must have it. Make the message as brief as possible.

7. What is a credit memorandum?

8. J. W. White of Manistee, Mich., buys a quantity of groceries of the W. M. Hoyt Co., Chicago, and from one barrel of syrup, five gallons leak out, worth 33⅓ cents per gallon. Mr. White asks for a memorandum of credit covering the amount of leakage. Write his letter to W. M. Hoyt Co. Make out the credit memorandum which the W. M. Hoyt Co. sends him.

9. Messrs. Shafter & Shafter of Salt Lake City, Utah, order of the Jackson & Steck Mnfg. Co. of Denver, Colo., 20 disk harrows to be sent by freight. Write the letter ordering the goods. Make out the invoice. Trade discount, 10% and 5%. Terms of sale, 2/10, 1/30, net 60.

CHAPTER III.

BANKING

30. Uses of Banks. Banks are an absolute necessity to the modern business man. Usually he does not have the conveniences for the safe keeping of money that banks have, and instead of paying for the goods which he buys, and the bills which he owes, in cash, he deposits his cash in the bank and pays his bills by checks.

There are many business men who find it necessary at times to borrow money to carry on their business. If a man's business reputation is good, or if he can give good security for payment of the money at the expiration of the term of credit, the bank will loan him the necessary amount, and he will thereby be enabled to carry on a much larger and more successful business than would otherwise be possible. Banks make collections of commercial paper, issue foreign and domestic bills of exchange, and loan money.

There is no branch of business which is carried on more systematically than that of banking. Every one who has an income or a salary sufficient to enable him to make even a small saving, should open a bank account. By so doing he not only becomes accustomed to saving, but by keeping an account with a bank he acquires habits of promptness and accuracy which render him more efficient and successful in business.

31. **Savings Banks.** Banks which receive on deposit small sums of money and return the same to depositors with a moderate rate of interest, are called *savings banks.* Some savings banks will receive on deposit for safe keeping any sum of money from 5 cents up to $1,000, while others prefer not to receive sums of less than $1.00 at a time. These sums are generally the savings of laborers and those who have only a small amount to deposit at a time, but they soon begin to draw interest, and if allowed to remain in the bank, with a little more added each month, the deposit rapidly increases in amount from year to year. Fractional parts of a dollar are not usually reckoned as drawing any interest, and some banks do not allow interest on a deposit until it amounts to $3.00 or over.

32. **Rates of Interest and Dates of Reckoning.** The rate of interest varies somewhat with the different banks, but usually it is from 3 to 4 per cent. Each bank, too, has its own rules as to the dates at which calculation of interest is made on the various amounts which the depositors have to their credit.

If the dates for reckoning interest are January 1st, April 1st, July 1st, and October 1st, money deposited March 31st would begin to draw interest the next day, but if deposited April 2d, it would not begin to draw interest until July 1st. This, however, should not deter one from making a deposit at any time, for the money will be in a place of safety and will commence drawing interest from the beginning of the next interest term.

If a depositor withdraws his money from the bank before the close of any interest term, he is not usually allowed interest for any part of that term, but the rules of different banks

vary in reference to these matters. In some banks, money deposited January 10th would draw interest from January 1st and for every month thereafter if left for three months or longer. In other banks the interest is reckoned on all moneys that have been in three or more months, even if the depositor has withdrawn his money before the regular interest period, and the same is placed to the credit of his account. If he opens his account again, he has this balance to his credit.

33. **Deposit Book.** Each depositor is furnished with a book in which he is given credit for his deposits from time to time, and also for whatever interest his money has earned at the end of the term of credit.

If a depositor wishes to draw out his money, the deposit book must be presented to the paying teller by either the depositor himself or some duly authorized person. The paying teller makes an entry in the book showing the amount withdrawn, and the book is then returned to the depositor. When he has drawn out the whole of his deposit the bank keeps the book.

A depositor who places his money in a savings bank cannot withdraw it by check. A general rule with savings banks is, that if the bank so desires, sixty days' notice must be given before the withdrawal of money, but unless there is a "run on the bank" or some unusual disturbance of the money market, it is paid promptly on request.

34. **Commercial Deposit Banks.** A *commercial deposit bank* is one from which the depositor may check out his funds at pleasure, but no interest is allowed on the money while in the bank unless his balance is kept above a certain figure.

Many savings banks receive commercial deposits, and many commercial deposit banks receive accounts for savings.

Banks usually require some evidence of the character and integrity of a depositor before opening an account with him. Generally it is only necessary that he be introduced by some person or firm with whom the banker is acquainted. A depositor who opens an account with a bank ought not to expect that the bank will issue bills of exchange to him or cash his drafts without charge. They sometimes do this for customers who are heavy depositors or who borrow large sums of money from them, but they do it only because the patronage of such depositors pays them for this extra work. The customer who deposits only a small amount in the bank and withdraws it by checks within a few days ought to expect to pay something to the banker for the services rendered. Some banks make charges for deposits of this kind.

35. **Records of Deposits.** A depositor should keep a careful record of his dealings with the bank, so that he will always know the state of his account and avoid overdrawing.

When opening an account with a bank, a depositor is required to leave his autograph in a record book or upon a signature card, authorizing the bank to accept said signature in paying out the depositor's moneys. The bank then presents the depositor with some deposit tickets, or deposit slips, as they are sometimes called, a pass book or bank book, and a book of blank checks.

The *deposit ticket* is a blank form for the depositor to fill out when he makes his deposit. It shows who the depositor is, and the date and kind of funds deposited, whether checks, specie, or currency.

In filling out the deposit slip, the bills, specie, and checks

should be entered separately as shown in the accompanying form. When there are several checks to be deposited, they should be arranged in the order in which they have been entered on the deposit slip. The depositor should foot up the

Form L.

METROPOLITAN NATIONAL BANK

OF CHICAGO

Deposited for account of

George N. McCabe

Sept 14, 1901

	CHECKS ON THIS BANK, AND ALL ITEMS OUTSIDE OF CHICAGO, COIN AND CURRENCY.
GOLD	50 00
SILVER	85 00
CURRENCY	140 00
Clearing House Checks, P. O. and Express Money Orders.	38 43
	196 54
	509 97

A Bank Deposit Slip

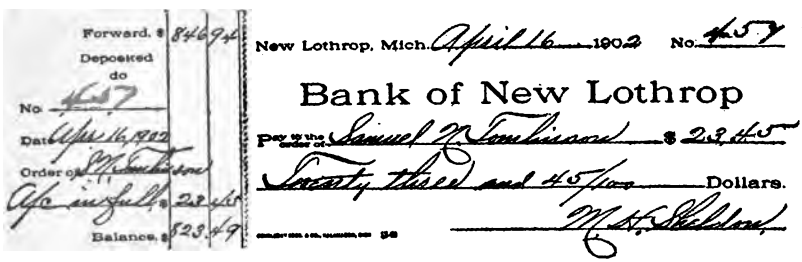
various amounts, instead of leaving it for the receiving teller at the bank to do. When the deposit slip is ready, it should be taken to the receiving teller with the funds which are to be deposited, and he will enter the amount of the deposit in the bank or pass book, and return it, after he has verified the sums named in the deposit slip.

36. The Bank Book. The *bank book* is a small book that can be conveniently carried in the pocket, in which the banker gives the depositor credit for the amounts of money which he deposits at various times. This bank book is the only receipt which the depositor has for the money which he has left in the hands of the banker. At the end of each month a complete statement of each depositor's account is given him. Usually the banker enters in the bank book the amount of the checks which have been paid and deducts this amount from the total of the credits, the balance showing how much is still in the bank to the credit of the depositor.

Some banks enter a list of the checks in the bank book, while others list the checks on a separate blank and then enter the whole amount only, in the book.

37. The Check Book. The *check book* is a book of blank checks to be used by the depositor whenever he wishes to draw money from the bank. Most check books are so arranged that the checks may be torn out, leaving a stub in the book which shows in whose favor the check is drawn, the amount, the number, the date, and for what purpose the check is used. (See Form LI.)

Form LI.


Forward. $ 846 94
Deposited
do
No. 457
Date April 16, 1902
Order of M Tomlinson
Amount in full $ 23 45
Balance. $ 823 49
New Lothrop, Mich. April 16 1902 No. 457
Bank of New Lothrop
Pay to the order of Samuel M Tomlinson $ 23 45
Twenty three and 45/100 Dollars.
M. S. Sheldon

Form for a Check as it appears on the Check Book

38. Directions for Writing Checks. A *check* is a written order on a bank directing that a certain amount of money be paid to some person named in the check, or to his order, and signed by a depositor. No special form of wording is

Form LII.

Checks Payable to Cash

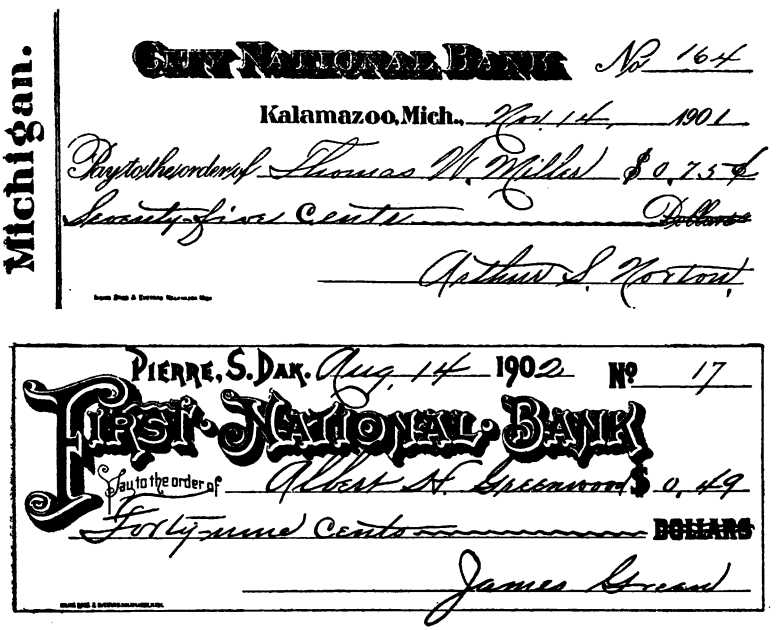
necessary. The writing in the body of the check should exactly agree with the figures indicating the amount for which the check is drawn.

The person who draws the check is called the *drawer* or ***maker***, and the person to whom the money is to be paid is

called the *payee*. In the first check, Form LIII., Arthur S. Norton is the maker and Thomas W. Miller the payee.

1. It is best that the stub be filled out first; otherwise it may be forgotten and the maker would have no record of the check.

Form LIII.


Michigan.
City National Bank
No 164
Kalamazoo, Mich., Nov 14, 1901
Pay to the order of Thomas W. Miller $0.75
Seventy-five Cents Dollars
Arthur S. Norton
Pierre, S. Dak. Aug. 14 1902 No 17
First National Bank
Pay to the order of Albert N. Greenwood $0.49
Forty-nine Cents DOLLARS
James Stead

Checks for Amount Less than One Dollar

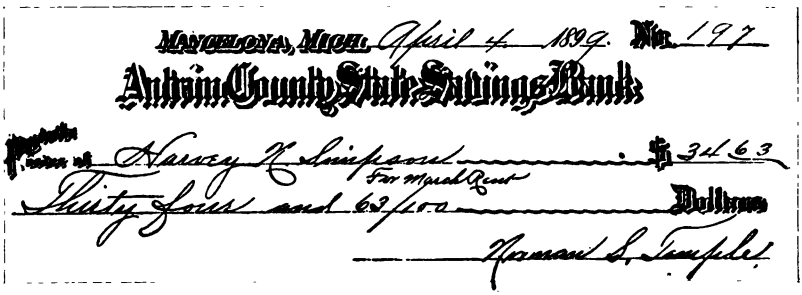
2. Care should be taken to fill out the stub in exact conformity with the check.

3. Should the person having money deposited in a bank wish to draw out some for his own use, he makes the check payable to "Cash," or "Myself," as shown in Form LII.

4. Sometimes it is necessary to write a check for a smaller amount than a dollar. In that case the words should be written out in full as in Form LIII., and the word "Dollars" erased by drawing a pen through it.

5. If the drawer of the check desires to do so, he may specify in the check that for which it is given, as in Form LIV.

Form LIV.


Manchoria, Mich. April 4 1899. No. 197
Antrim County State Savings Bank
Pay to the order of Harvey K. Simpson $34.63
For Mpal Rent
Thirty four and 63/100 Dollars
Howard L. Templeton

Check Specifying for what Money is to be Used

6. The amount of a check should be written twice—once in figures and once in words.

7. The check should be carefully written so that there may be no question in reference to the amount or date.

8. In writing a check or note, always begin at the extreme left and draw lines in the blank space after the amount in figures or letters, so that no one can fraudulently fill in the blank spaces and make the check or note call for a larger amount than it should. If the amount of the check is "raised" by the skillful filling up of the blank spaces, and the signature is genuine, the bank cannot be blamed for making payment, and the loss will properly fall on the drawer of the check, because it came from his negligence.

If a check for $5.00 were drawn and a blank space left as in Form LV., the amount of the check could be easily "raised" to a much larger amount.

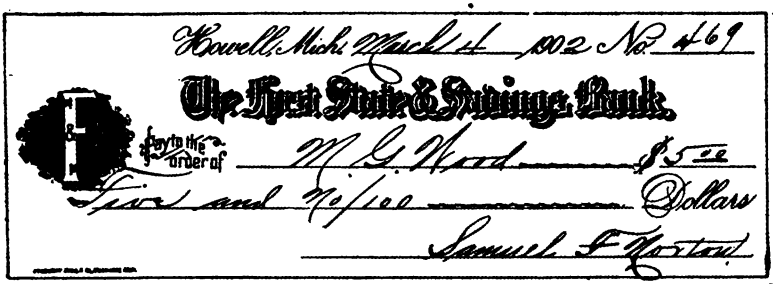
Form LV.

Checks Incorrectly Drawn

If the blank spaces were filled in as shown in Form LVI., it would be very difficult to change either the writing or the figures without detection.

As an added precaution against alteration, machines are

Form LVI.



Howell, Mich. March 1st 1902 No. 469

The First State & Savings Bank.

Pay to the order of M. G. Wood $5.00

Five and No/100 Dollars

Samuel F. Norton

WILLIAM A. TALCOTT. No. 4130

Rockford, Ill. June 3, 1892

Pay to the order of E. J. Graves $5.00

Five and 00/100 Dollars

THE WINNEBAGO NATIONAL BANK WILL REMIT FOR THIS CHECK, WITHOUT CHARGE FOR EXCHANGE, IF SENT DIRECT TO IT

TO WINNEBAGO NATIONAL BANK, ROCKFORD, ILL

Wm Brown Pres. Wm. Talcott

Eben C. Swift Treasurer

By E. M. Grant.

Kalamazoo, Mich. March 4, 1902. No. 149

The Kalamazoo National Bank,

Pay to the order of Andrew J. Williams $34.65

Thirty-four and 65/100 Dollars.

N. G. Thompson.

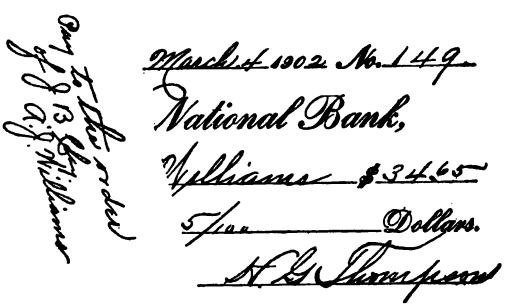
Checks Correctly Drawn

sometimes used to stamp or cut out the figures showing the amount of the check.

If the amount in figures does not correspond with the amount in writing, the written amount will be considered correct.

9. Some checks are made payable to "bearer," and some to the "order" of the person in whose name they are drawn. If they are made payable to the *order* of the payee, he must write his name on the back of the check before he can get the money on it, or, if he wishes, he may make the check payable to some other person, by indorsing the check as in Form LVII.

Form LVII.



An Indorsed Check

39. **The Indorsement.** The word "indorse" comes from two Latin words, *in* and *dorsum*, which mean, when combined, *on the back.* Then to *indorse* means to write on the back, and the purpose of indorsement is to transfer the ownership of the paper so indorsed. There are several different kinds of indorsement.

Example: In the form of indorsement given in Form LVII. A. J. Williams transfers the ownership of the check by indorsing it to J. B. Clay, who in turn may transfer his ownership to some other person, and so on. Checks may have any number of indorsements. Any person presenting a check which has been properly indorsed over to him, to the bank on which it is drawn, may receive the money.

An indorsement of a check is either an *indorsement in full* or an *indorsement in blank.* Form LVII. is an example of an indorsement in full, because the check is made payable by the indorsement to a particular person or his order.

40. Payable to Bearer or Order. To indorse a check in blank, the person indorsing writes his name across the back of the check, and any person holding it can receive the money on presenting it at the bank. If a check is made payable to "bearer," it need not be indorsed before presenting it at the paying teller's window at the bank to get the money on it. Most banks, however, prefer to have an indorsement in blank on the check even if it is made payable to "bearer." One should never indorse a check in blank until just before presenting it to the bank for payment, for if the check should be lost when so indorsed, it may be paid to the finder.

It is always safer, both in writing and indorsing checks, to make them payable to the order of the person who is to receive the money, for he must in turn indorse it, and this indorsement serves as a receipt for the payment. If a person loses a check made payable to his order, the maker can give him another without risk to himself, by simply writing across the face of the second check, so that it may be plainly seen, the word "Duplicate." The bank on which it is drawn should

be notified of the loss of the check at once, in writing, giving a description of the original check, and a request that it be not paid. Some banks require that a bond shall be issued before stopping the payment of a check.

NOTE.— For other forms of indorsement, see chapter on Promissory Notes.

41. Post-Dated Checks. A check is usually dated on the day on which it is drawn and is payable on demand, but sometimes it bears a different date.

If a check drawn on the 1st of March were dated March 10th, it would be a *post-dated* check, and would show on its face that it should not be paid before the 10th of March.

If a person buys an article and is not sure of its value, he can give in payment a post-dated check; then if he finds that the seller has cheated him and the article is not worth what he agreed to pay for it, he can stop the payment of the check.

Never give your check dated ahead unless sure that you will have money enough on deposit at that date to meet the obligation. Through some misfortune you might have the check returned unpaid, and thus your credit would be injured. It is advisable for one to be very careful about receiving post-dated checks. In fact it is a good business maxim never to give or accept them.

42. Checks Should be Cashed Promptly. Checks should be presented for payment at the bank within a reasonable time. If the maker of the check be a responsible party and his credit good, it would not be necessary to have the check cashed immediately; but if there be any doubt as to his responsibility, it should be cashed at once.

If the person in whose favor the check is drawn does not

present it for payment promptly and the bank then becomes insolvent, the drawer cannot be held responsible for the amount of the check; for if the maker of the check has funds in the bank and the payee has sufficient time to get his check cashed before the bank fails, and he does not do so, the maker is not at fault.

Form LVIII.

A Check similar to a Bank Draft

43. Payment of Exchange. Most checks now used by business men are similar to bank drafts. (See Form LVIII.)

Some business men draw their checks payable to the order of themselves, and then, by indorsement, make them payable to the order of the person to whom they wish to make the remittance. (See Form LIX.)

When these checks state on their face that they are "Payable in New York or Chicago exchange at par," the payee is not required to pay exchange on them when he has them cashed at his bank. They pass through the banks without payment of exchange by the payee, because they are payable in New York or Chicago exchange at par, and they practically state on their face that the amount called for is

not only the amount shown in figures, but an amount sufficient to pay the exchange also. If any charges are made for exchange on such checks, they are made against the drawer of the check by the bank on which it is drawn.

Form LIX.

A Check drawn payable to the order of the signer

44. Certified Checks. A *certified check* is an ordinary check upon which the cashier or teller of the bank on which it is drawn has written or stamped the word "Certified" or "Good when properly indorsed," or other equivalent words, with the date and his signature. By certifying the check, the banker guarantees that it will be paid on presentation. Usually an ordinary check will not be paid by the bank unless the depositor has sufficient funds to his credit to cover the amount of the check.

A business man may wish to present his check for payment at some bank other than that in which his money is deposited and which is some distance from his home. As he does not wish to carry the money around with him, he can

have his check certified at his bank if he has that amount of money on deposit, thus doing away with much of the danger of loss or theft and also the inconvenience of carrying money.

Example: Suppose Mr. John Wood sells a pair of horses to a stranger for $300 and instead of receiving cash payment for the horses, the stranger hands to Mr. Wood a check on the First National Bank for the amount. Before accepting the check in payment for the horses, Mr. Wood ought to be sure that the check is good. He may ask to have the check certified. If the stranger

Form LX.

A Certified Check

should send the check to the bank to have it certified and it is good, the cashier or the teller of the bank would stamp or write across the face of the check, usually in red ink, the words "Certified," or "Good," or "Good when properly indorsed," with the date and his signature. Mr. Wood need then have no hesitancy in accepting the check, for the bank would be responsible for its payment if the signature of the cashier or teller were genuine.

If you receive a check which you do not wish to use for some time, it is best to have it certified. The bank will then charge the account of the man who drew the check for the

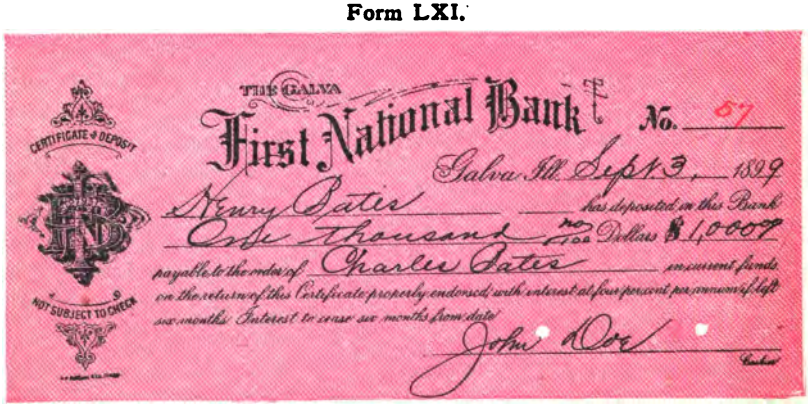
amount of it, and he cannot draw all his money from the bank and leave nothing there for the payment of the check which you hold.

45. Voucher Checks. A form of check, called a *voucher check*, has come into use within the past few years and is being used more and more by business men.

The object of a voucher check is to show for what purpose the check is issued or what bill that particular check is intended to pay. Usually the back of the check is used to make a notation upon, showing what bill or account is intended to be paid. Some of these checks are very large and so ruled that a complete statement of an account may be made if desired.

46. Certificate of Deposit. When money is deposited in a bank which is not a savings bank, with the intention of leaving it there for several weeks or months, the banker

Form LXI.


CERTIFICATE of DEPOSIT
NOT SUBJECT TO CHECK
THE GALVA
First National Bank
No. 67
Galva Ill. Sept 13, 1899
Henry Bates has deposited in this Bank
One thousand 00/100 Dollars $1,000.00
payable to the order of Charles Bates in current funds
on the return of this Certificate properly endorsed, with interest at four percent per annum if left
six months. Interest to cease six months from date
John Doe
Cashier

Certificate of Deposit

usually issues to the person depositing the money, a *certificate of deposit* as shown in Form LXI.

If the holder of a certificate of deposit wishes to draw his money from the bank, he must return his certificate to the bank. He cannot get the money by drawing a check on the bank. He may, however, if he chooses to do so, sell his certificate of deposit to some other person, and transfer it by indorsement to the purchaser. If a person holding a certificate of deposit wishes to draw a part of the amount from the bank, the banker sometimes pays the amount desired and indorses the same on the back of the certificate, but usually the certificate of deposit is taken up and a new one issued.

47. **Additional Directions for Writing Checks.** There is no commercial paper more common or more universally used than checks; it is, therefore, necessary that all should be familiar with their use and understand how to indorse them properly. By such a knowledge one may avoid annoyance and possible financial loss. Special attention is called to the following suggestions:

1. Before depositing a check or cashing it at the bank it must be indorsed. This indorsement is valuable as a receipt to the maker and as evidence of ownership to the banker.

2. In indorsing a check, write across the back of the check, not lengthwise.

3. Do not indorse wrong end up, write across the top or head of the check, about an inch from the end. The head of a check is the end at the left as it lies before you on the desk. Now to indorse it, turn it over, not endwise, but directly toward you.

4. Always indorse a check by writing your name exactly

as it appears on the face. If your name is John T. Smith, and your name appears on the check as J. T. Smith, you may indorse it as J. T. Smith. If payable to John T. Smith, indorse it as John T. Smith. If your name is spelled incorrectly on the check, indorse it twice, spelling it once as it is spelled on the check, and once correctly.

Form LXII.

A Correctly Indorsed Check

48. **Safety Deposit Vaults.** In nearly all cities, and some of the larger towns, are *safety deposit vaults*, which are very convenient places for the safe keeping of insurance policies, wills, securities, jewelry, and other valuables. These vaults are fireproof, and are provided with all the safeguards necessary for absolute protection.

Any person may rent a box or drawer in a vault of this kind at a small cost per annum. Usually the rent is very reasonable, being from $3.00 up to $25.00 or $30.00 per year, depending upon the size of the box or drawer rented.

Each renter is provided with a key to the drawer which he rents, and no person except himself or his duly authorized

agent can have access to his valuables. Even if his key should be found by some other person, that person would not be allowed access to the box by the man in charge unless he could show that he had a right to be admitted there.

NOTE.—For *Letters of Credit*, *Travelers' Checks*, and *Bills of Exchange*, see Chapter VI.

EXERCISES ON CHAPTER III.

1. What is a check?

2. Describe the process of depositing money in a bank.

3. What is the difference between a bank book and a check book?

4. Is it important that the stub of the check should be written up first? What should the stub contain?

5. What is the difference between a savings bank and a commercial deposit bank?

6. What is meant by an indorsement? Name two kinds of indorsement and the effect of each.

7. Where is the proper place on a check to make an indorsement?

8. What is an indorsement in blank? What is an indorsement in full?

9. If you receive a check on which your name is misspelled or there is an error in one of the initials, how would you indorse the check?

10. What is a post-dated check?

11. Would it make any difference to the person in whose favor a check is drawn, whether it is made payable to his order or to bearer? Would there be any advantage to the person drawing the check?

12. If you lose a check made payable to your order, what

ought you to do? Could you stop the payment of the check? How could payment be stopped?

13. If you give a check on the Second National Bank in favor of John P. Wood, and he loses it, what ought you to do if he asks you for another?

14. Who is the drawer of a check? Who the payee?

15. What is a certified check, and what is the advantage of having a check certified?

16. What is a certificate of deposit?

17. If you deposit money in a bank and receive a certificate of deposit in place of it, how can you draw the money from the bank? Can you draw it by check?

18. How would you write a check for 28 cents?

19. How would you write a check to draw money for your own use?

20. If you receive a check from John D. Wood for $50.00, how soon ought this check to be cashed?

21. Write a letter to H. O. Stone & Bro., Chicago, inclosing your check in their favor in payment of a bill of goods bought some time since, amounting to $10.57. Write the check on a blank piece of paper and inclose it in a letter.

22. Write out a deposit slip, on a blank piece of paper, depositing in the Maryland National Bank of Baltimore, $28.00 in silver, $25.00 in bills, and the following checks: One on the Second National Bank of Baltimore for $543.21; one on the Fort Dearborn National Bank of Chicago for $26.43, and one on the Chemical National Bank of New York for $231.67.

23. You order a bill of goods from Sargent & Larson of St. Joseph, Mo., amounting to $545.50, and you pay for the same by certified check. Write them a letter explaining the matter, and inclosing the certified check.

24. When your bank book is written up and returned to

you by the bank, you find that your bank book and check book do not agree. What would you do under these circumstances?

25. Do banks pay interest on deposits, and if so, when?

26. What are the advantages of banks to a community?

27. In what way do checks serve as receipts?

28. Would you expect to find many banks in Turkey or Africa? Explain.

29. What does a large number of banks in a community indicate?

General Review Exercises

1. What is the size of letter paper generally used for a business letter?

2. How much margin should there be at the left?

3. How much margin at the right?

4. How should the sheet be folded?

5. What is the address of a letter?

6. What is the salutation of a letter?

7. What is a title?

8. How should you address a letter to your member of Congress?

9. Write a short letter to S. R. Clark calling his attention to the fact that he is owing nearly $30.00 rent, and urge him to make payment of same.

10. Write to J. W. Stone & Co. and inclose a check for $25.00, stating that the same is to apply on your account.

11. What is a statement of account?

12. What is an invoice?

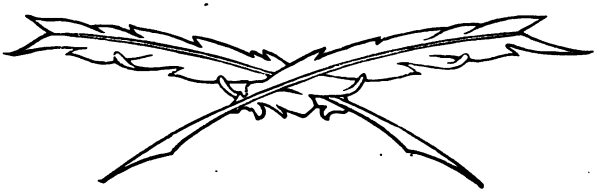
13. C. W. Wilson buys of you 150 barrels of flour at $6.50 per barrel. Should he receive an invoice or a statement of account?

14. D. J. Cutler & Co. of Dayton, O., ask for a rebate of $10.00 on their invoice of August 4th, claiming goods were damaged by not being properly packed. Send them a credit memorandum.

15. G. H. Thornton of Bloomington, Ill., bought of you January 10th, a bill of goods amounting to $245.30, on sixty days' time. March 30th he paid $50.00, and June 12th, $45.00. Send him a statement of his account, and write urging him to pay the balance at once.

16. Bell & Johnson, Fort Wayne, Ind., buy of you 50 barrels of flour at $5.75 per barrel, on which you allow them a cash discount of 6 per cent if paid within ten days or 5 per cent if paid within thirty days. Make out the invoice.

17. At the end of five days the invoice is returned to you, the firm claiming that they were to be allowed a trade discount of 5 per cent in addition to the cash discount. Send them a corrected invoice.



CHAPTER IV.

PROMISSORY NOTES, INTEREST, BANK DISCOUNT, PARTIAL PAYMENTS

49. Promissory Notes. Many times in business transactions a person wishes to buy something and does not have the money on hand with which to pay for it at the time of purchase. If the business reputation of the buyer is good, the seller may agree to accept the written promise of the buyer to pay the amount of the purchase at some future time.

This written promise to pay is called a *promissory note.* The seller of the goods would prefer to take the written promise of the buyer rather than a mere verbal one, because the written promise would usually be sufficient evidence in court to prove that the sale had actually been made, while the mere verbal promise would have to be proved by other evidence should any question ever arise concerning it.

50. Uses of Promissory Notes. It is more convenient to sell or transfer the ownership of a promissory note than an ordinary account. The original payee of a promissory note can secure money on the note by transferring his right to some other person, at any time after the note is made. Most business men prefer a promissory note to a running account.

A promissory note then is a written promise to pay a specified sum of money at a specified time. The person who

signs the note, or, in other words, the person who promises to pay, is called the *maker*, and the person who is to receive the money is called the *payee*.

Example: If Mr. N. C. Evans buys a horse of Mr. John Crose for $100 and is not prepared to pay the money when he gets the horse, he may give his promissory note for the amount. The note may be written with pen or pencil, but it is much preferable to write it with ink on good durable paper.

Form LXIII.

$100.00 Freeport Ill. May 14, 1902.
Three months after date I promise to pay to
the order of John Crose
One Hundred and No/100 Dollars
at First National Bank of Freeport
Value received
No 46 Due Aug 14, 1902 N C Evans

Ordinary Promissory Note

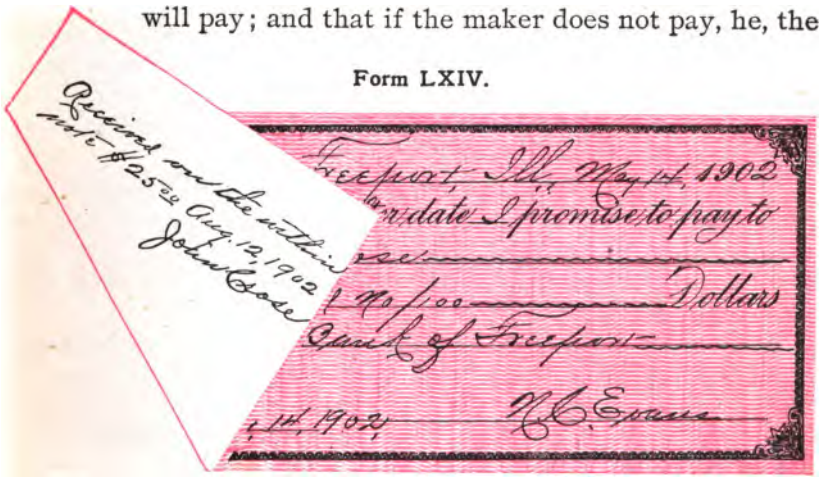
The note given by Mr. Evans to Mr. Crose would be something like Form LXIII.

Now, if Mr. Evans makes a payment on this note of $25.00 to Mr. Crose, August 12, 1902, Mr. Crose would write across the back of the note, "Received on the within note $25.00, August 12, 1902," and sign his name as shown in Form LXIV.

The maker of a promissory note cannot be hindered from selling all his goods and leaving the country before the maturity of the note, if he chooses to do so, while with an ordinary account in which no time of payment is specified, the amount of the account is due and payable at any time.

51. Indorsement of a Note. When a person indorses a note, that is, writes his name across the back of it, he becomes responsible for its payment in case the original maker does not pay when the note becomes due. By writing his name across the back of the note he virtually says to all future holders that he knows the maker of it and that he believes he will pay; and that if the maker does not pay, he, the

Form LXIV.


Received on the within note $25.00 Aug. 12, 1902
John Case
Freeport, Ill., May 1st, 1902
after date I promise to pay to
the order of
100 Dollars
Bank of Freeport
May 1st, 1902

Partial Payment of a Note Indorsed on the Back

indorser, will do so. The laws regarding the indorsement of notes are somewhat different in the different states. In most states the indorser of a note cannot be held responsible for its payment unless the holder gives him notice that the maker has refused to pay, and this notice must be sent to the indorser within twenty-four hours after the note becomes due. This law prevails in all states where no statutory law has been enacted making protest and notice unnecessary.

Each indorser is responsible to all indorsers who follow him and also to the holder of the note at its maturity.

Example: Should Mr. Crose wish to sell the note outlined in the foregoing section to G. A. Allen and obtain the balance of the amount before the note is due, he would write across the back of the note, "Pay to G. A. Allen or order," and sign his name. The effect of this indorsement would be to transfer the ownership of the note from Mr. Crose to Mr. Allen.

This form of indorsement is called an *indorsement in full*, and no one can collect the amount due on this note until G. A. Allen writes his name across the back of the note. A note may have any number of indorsements. You will remember that the transfer of the ownership of checks is accomplished by the same method (see §§ 39 and 40).

Had Mr. Crose simply written his name across the back of the note when he sold it to Mr. Allen, the indorsement would be called an *indorsement in blank*, and Mr. G. A. Allen or any one else who held it could collect the amount of Mr. Evans when the amount became due.

If, however, Mr. Crose had written across the back of the note, "Pay to G. A. Allen, *only*," the indorsement would be called a *restrictive indorsement*, and Mr. Allen would be the only person who could collect from the maker when the note became due, unless he chose to transfer his interest in the note to some other person, by assignment.

If the indorser did not wish to become responsible for the payment of the note, he would write just above his name, "Without recourse to me," or "Without recourse." This is called a *qualified indorsement.*

52. Negotiable Notes. This form of note which we have been considering, like all others of a similar nature, is called a *negotiable note* because it may be sold or transferred from one person to another; but in order to be negotiable the words "Pay to bearer," or, "Pay to the order of —— ——" (the person

who is to receive the money, *i. e.*, the payee), must appear on the face of the note. On the other hand a note which is made payable to the person named in the note, without the word "bearer" or "order" appearing on its face, is called a *non-negotiable note*, because its ownership cannot be passed from one person to another.

Negotiable notes, checks, and also drafts, which are considered in the next chapter, are alike in this respect, that they may be transferred from one person to another and that the maker is responsible for payment to the holder of the paper at the time of its maturity. All these forms are called, technically, *commercial papers*.

Form LXV.

INDORSEMENT IN BLANK

A. B. VORHES.

Form LXVII.

INDORSEMENT IN FULL

Pay to J. C. Jones, or order.

H. GILBERT.

Form LXVI.

QUALIFIED INDORSEMENT

Without recourse to me.

M. A. LEACH.

Form LXVIII.

RESTRICTIVE INDORSEMENT

Pay to J. R. Smith, only.

ALBERT WILLIAMS.

53. Joint Makers. Sometimes the payee will not receive a promissory note from the maker unless the maker has some one sign the note with him to insure its payment when due. When two persons sign a note, they are called *joint makers*. If one signs his name on the back of a note *before it is delivered to the payee*, he is not merely an indorser (see § 51), but a joint maker; and if one of the makers refuses to pay the note when it becomes due, the person who signs with him will have to pay, whether he is notified of the other's failure to pay the note when it falls due or not.

We have seen that notes are divided into at least two classes, negotiable and non-negotiable. They are further divided into demand and time notes, and these may be either interest bearing or non-interest bearing.

54. Demand Notes. Sometimes the maker of a note promises to pay the amount named in the note at any time when payment is demanded. In such cases the note is usually written like the form given below, and it is called a *demand note.*

Form LXIX.

$244.50 Sturgis Mich. May 9 1902
On demand ___ after date I promise to pay to
the order of N. S. Goodman ___
Two Hundred Forty-four and 50/100 ___ Dollars
at National Bank of Sturgis ___
Value received, with interest
No 1446 Due ___ M. W. Smith.

A Demand Note

A note written, "One day after date I promise to pay," etc., is also called a demand note. Demand notes are usually given when money is borrowed for a short time only.

Days of Grace. By this term is meant an additional period of three days from the maturity of the note, gratuitously allowed to the maker to enable him to provide the funds for payment. Days of grace were formerly allowed in all cases, but the present tendency is to abolish them, and this has been done in many states.

55. Interest. Interest is a sum paid for the use of money; it may be for money borrowed, or for accounts which are past due, or for other obligations. The money lent or due is called the principal, and the sum paid for the use of it is called the interest. Interest is reckoned at a certain ratio, or per cent of the principal, yearly.

Simple interest is that sum which is paid for the use of the principal only.

Sometimes the interest is not paid when it becomes due, but is added to the principal, the whole sum then drawing interest. When interest accumulates on interest in this way it is called *compound interest.* The collection of compound interest cannot be enforced, as the laws of the different states generally prohibit it.

The usual custom is to charge simple interest only, and if the interest is not paid when due, interest on that unpaid interest is not generally collectible.

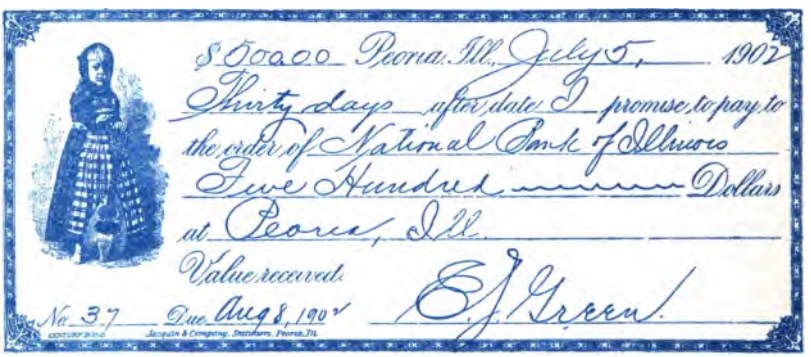
56. Bank Discount. When money is borrowed from a bank, it is customary for the borrower to give his note for the amount, and instead of adding the interest the banker deducts a discount from the amount of the note and pays to the borrower the remainder.

If a business man should give his note at the bank for $500, payable in thirty days, the note would be drawn like Form LXX. This note would not draw any interest until due, but the banker would deduct from the amount a certain percentage or discount, and this is called *bank discount.* It is simple interest on the principal taken in advance, and in states where three days of grace are allowed, it is reckoned for three days more than the time specified in the note.

The legal rates of discount and interest are usually the same.

57. **Interest and Date of Maturity.** If a note were given February 4th, payable in thirty days, it would be necessary, in order to find the date of maturity, to count thirty days from February 4th, which would make the date of maturity March 6th, or if three days of grace were allowed, March 9th; but if a note were given February 4th, payable one month from date, it would be due March 4th, or March 7th if three days of grace were added.

Form LXX.


$ 500.00 Peoria, Ill., July 5, 1902
Thirty days after date I promise to pay to
the order of National Bank of Illinois
Five Hundred Dollars
at Peoria, Ill.
Value received.
No. 37 Due Aug 8, 1902
E. J. Green.

A 30-day Note Payable to the Bank

If a note reads "with interest" and no rate is specified, it draws, from the date of the note, the legal rate of interest in the state where it is made.

Notes payable on demand draw no interest until after they have been presented for payment unless it is stated in the notes that they are to draw interest. After they have been presented for payment they draw the legal rate. What is the legal rate in your state? (See table, §62.)

From the fact that notes are usually due a certain number of days after date, great care should be taken to see that the

date is indicated plainly on the face of the note. This is so important that many persons place the date of maturity as well as the date of issue on the face, as, for example, "I promise to pay June 1, 1901." It is very important to remember that when a note is given payable a certain number of *days* after date, the actual number of days must be counted; but if it is payable a certain number of *months* after date, the calendar months are counted.

Example: Stephen J. Cramer gave a note to J. J. Boardman on February 7, 1901, payable one month after date. The note was due March 7, 1901. If he had made it payable thirty days after date, it would have been due March 9, 1901.

If no time of payment is specified in a note—simply a promise to pay—the note is due at once, or on presentation to the maker.

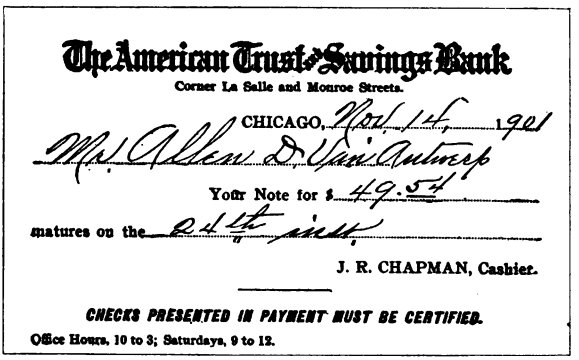
58. Place of Payment. Some place of payment is usually indicated on the face of a note. If no place of payment is indicated, the place of business of the maker, if he has an office, or if he has no regular place of business, his residence address, is the proper place of presentation.

If a place of payment is indicated, the note must be presented there, and it should be presented for payment on the very day of maturity in states in which no days of grace are allowed; and in those which do recognize grace, at the expiration of grace. It is customary, also, to send to the maker notice of the maturity of a note, several days before it is due.

Sometimes the making of any demand or the giving of any notice is waived by the maker and indorsers, by making the words "waiving demand and notice" a part of the note or of the indorsement.

The ordinary form of notice used by a bank is shown in Form LXXI.

Form LXXI.



The American Trust & Savings Bank
Corner La Salle and Monroe Streets.

CHICAGO, Nov 14 1901

M. J. Allen D. Van Antwerp

Your Note for $ 49.54

matures on the 24th inst.

J. R. CHAPMAN, Cashier.

CHECKS PRESENTED IN PAYMENT MUST BE CERTIFIED.

Office Hours, 10 to 3; Saturdays, 9 to 12.

A Bank Notice for Note Due

59. Protest and Notice. When presentment of a note is made to the maker and he refuses to pay, it is customary to have the note "protested."

A *protest* is a statement made by a notary public certifying that the note has been presented for payment and the payment refused, and thereupon he protests against the maker, and indorsers if there are any, for damages and costs.

The object in protesting a note is to fix the liability of the indorsers and to afford good evidence of the fact of its having been *dishonored*,—in other words, that the note has been presented and payment has been refused,— and of giving notice thereupon.

The maker is said to have dishonored the note when he refuses to pay the note at its maturity. This notice of dishonor should be sent to the indorser, or if there is more than one, to each of them, within twenty-four hours after such

Form LXXII.

CERTIFICATE OF PROTEST. Form No. 71. Printed by the Chicago Legal News Company.

State of Iowa
Des Moines County } ss.

Be it Known, that on this 11th day of August in the year of our Lord one thousand nine hundred one, I, Bernard Bailly, a Notary Public, duly commissioned and sworn, and residing in the city of Burlington in said County and State, at the request of John J. Thompson went with the original note Elmer Price & Co which is above attached, to the office of and demanded payment thereon, which was refused by them

Whereupon I, the said Notary, at the request of the aforesaid, did *PROTEST*, and, by these Presents, do *Solemnly Protest*, as well against the drawers of said note, the makers and the endorsers thereof, as all others whom it may or doth concern, for exchange, re-exchange, and all costs, charges, damages, and interest already incurred by reason of the non- payment of the said note

And I, the said Notary, do hereby certify, that, on the same day and year above written, and within forty-eight hours from the time of such protest, due notice of the foregoing Protest was put in the Post-office at Burlington as follows:

Notice for Elmer Price, Burlington, Ia.
" for L. B. Gibson, Burlington, Ia.
" for P. V. Peavey, Cedar Rapids, Ia.
" for
" for

Each of the above-named places being the reputed place of residence of the person to whom this Notice was directed.

In Testimony Whereof, I have hereunto set my hand and affixed my Official Seal, the day and year first above written.

Bernard Bailly.
Notary Public.

FEES:—Noting for Protest.....25 cents; Protest.....75 cents; Noting Protest.....25 cents; Notices 60
Certificate and Seal.....25 cents; Postage 6; Vol. 746; Page 231; $ 1.16

A Certificate of Protest

dishonor. The notice of dishonor should be served on the indorser personally, if possible, and if not possible, it should be sent through the mails so as to reach him the next business day if he lives in the same city with the maker. If the indorser or indorsers do not live in the city in which the maker resides, the notice or notices should bear the postmark date of not later than twenty-four hours after dishonor. Notice may be served either by the holder of a note or by his notary. The notice should be in writing.

The following would be a good form of notice:

Form LXXIII.

MR. JAMES P. SMITH,

SIR:—A certain note now in my possession, drawn by Charles Wood in your favor, for the sum of Eight Hundred Dollars, payable in three months from the 8th of March last, and by you indorsed to me, was duly presented by me to Charles Wood this day and payment refused.

Please take notice that I look to you for payment of the same.

Yours truly,

LAFAYETTE, IND., June 11, 1901. G. W. HOWE.

The following form is in common use when the notice is served by a notary public:

Form LXXIV.

LAFAYETTE, IND., June 11, 1901.

MR. JAMES P. SMITH,

Take notice that the note for $800 made by Charles Wood, dated March 8, 1901, payable three months after date at Lafayette, Ind., and indorsed by you, has this day been presented to him and demand made for payment thereof, which has been refused.

Said note has been duly protested for non-payment, and the holder now looks to you for payment of the same.

W. D. ALLEN,
Notary Public.

60. Accommodation Notes. Sometimes a note is given simply as an accommodation to the person in whose favor the note is drawn. The maker of the note does not expect to pay it, and the payee does not intend that it shall be paid by the maker. It is made for the accommodation of the payee, so that he may transfer it to some other party by indorsement and secure money on it. Nothing of value has been given for the note, and the maker cannot be compelled to pay it to the payee. But should a third party obtain the note by indorsement, then the maker would have to pay it at maturity, if the payee refuses to do so.

Example: Suppose Mr. Henry Cole, who has but small means, wishes to use some money, say $500, and his note will not be accepted at the bank. He goes to his friend, Mr. W. J. Burdick, whose note will be good at any bank, and asks Mr. Burdick to give him an accommodation note. Mr. Burdick writes a note payable to Mr. Cole, and the note is drawn just like any other promissory note.

When Mr. Burdick has signed this note, Mr. Cole may take it to the bank and get the money on it. At the end of the sixty days, when the note is due, Mr. Cole is expected to protect it; *i. e.*, pay it, and return it to his friend, Mr. Burdick. By this means Mr. Cole has had the use of the money, and Mr. Burdick has been at no expense whatever. He has, of course, run some risk, which he did simply to accommodate his friend. This note could not be collected from Mr. Burdick by Mr. Cole, because there was no "value received" by Mr. Burdick. If, however, the note had been bought by some person who was an *innocent holder*, *i. e.*, one who bought it in good faith, believing it to be good, Mr. Burdick would have had to pay it if Mr. Cole failed to do so.

If Mr. Cole had wished to do so, he could have drawn a note payable to the order of the bank and had Mr. Burdick sign the note with him. Again, Mr. Cole might have drawn a draft on Mr.

Burdick for $500, and if Mr. Burdick had accepted the draft, he could have had it discounted at the bank just as well as if it had been a note.

In any of these cases Mr. Burdick would be termed an *accommodation party*, for an accommodation party to a note or bill is one who has signed as drawer, maker, indorser, or acceptor, without receiving value, and for the purpose of lending his name to some other person as a means of credit.

61. Lost Notes. If a note has been lost or stolen, it does not release the maker from responsibility. He must pay it at the time of maturity the same as if the note had not been lost. A person who buys a lost or stolen note, before maturity, has a right to collect the value of the note from its maker, provided he has no notice of the loss and the note is payable to bearer.

Form LXXV.

BOND OF INDEMNITY ON PAYING LOST NOTE

KNOW ALL MEN, etc. (as in common bond). **Whereas,** the said ———, on the ——— day of ———, 18—, did make, execute, and deliver unto the above bounden ———, for a valuable consideration, his promissory note, for the sum of ——— dollars, written, due and payable on or before the ——— day of ———, then next, with interest, which said promissory note the said ———, since the delivery of the same to him as aforesaid, has in some manner, to him unknown, lost out of his possession; **and whereas,** the said ——— hath this day paid unto the said ——— the sum of ——— dollars, the receipt whereof the said ——— doth hereby acknowledge, in full satisfaction and discharge of the said note, upon the promise of the said ——— to indemnify and save harmless the said ——— in the premises, and to deliver up the said note, when found, to the said ———, to be canceled. **Now, therefore,** the condition of this obligation is such, that if the above bounden ———, his heirs, executors, or administrators, or any of them, do and shall, at all times hereafter, save and keep harmless the said ———, his heirs, executors, and administrators, of, from, and against the promissory note aforesaid, and of and from all costs, damages, and expenses that shall or may arise therefrom; and also deliver, or cause to be delivered, up the said note, when found, to be canceled, then this obligation to be void, else to remain in full force and virtue.

Sealed, etc. (as in common bond. See § 116).

If the maker of a note which has been lost or stolen pays the amount to the original payee, he should receive from the payee a *bond of indemnity* (see Form LXXV.) to secure him against a second payment.

This indemnity bond is held by the maker of the note as a protection in case the original note should be found and presented to him for payment.

62. Outlawed Notes. If no part of a note or interest on it be paid within a specified time, fixed by law, it is said to be *outlawed*, and cannot be collected.

The time in which a note, account, or judgment will outlaw varies in the different states. (See table below, which shows also what the legal rate of interest is in the various states.)

INTEREST AND STATUTE OF LIMITATIONS

States.	Interest.		Limitations.			States.	Interest.		Limitations.		
	Legal rate.	*By contract.*	*Judgments.*	*Notes.*	*Accounts.*		*Legal rate.*	*By contract.*	*Judgments.*	*Notes.*	*Accounts.*
	P.ct.	*P.ct.*	*Yrs.*	*Yrs.*	*Yrs.*		*P.ct.*	*P.ct.*	*Yrs.*	*Yrs.*	*Yrs.*
Alabama	8	8	20	*6	3	Nebraska	7	10	5	5	4
Arizona	6	10	10	5	3	Nevada	7	Any	6	6	4
Arkansas	6	Any	5	5	3	New Hampshire	6	6	20	6	6
California	7	Any	5	4	2	New Jersey	6	6	20	6	6
Colorado	8	Any	20	6	6	New Mexico	6	12	7	6	4
Connecticut	6	Any	†	‡	6	New York	6	§§6	20	6	6
Delaware	6	6	20	6	3	North Carolina	6	6	10	*3	3
District of Columbia	6	6	12	3	3	North Dakota	7	12	10	6	6
Florida	8	10	20	5	3	Ohio	6	8	5	15	6
Georgia	7	8	7	6	4	Oklahoma	6	10	1-5	5	3
Idaho	7	12	6	5	4	Oregon	6	10	10	6	6
Illinois	5	7	20	10	5	Pennsylvania	6	6	20	6	6
Indiana	6	8	20	10	6	Rhode Island	6	Any	20	6	6
Iowa	6	8	20	10	5	South Carolina	7	8	20	6	6
Kansas	6	10	5	5	3	South Dakota	7	12	10-20	6	6
Kentucky	6	6	15	15	¶5	Tennessee	6	6	10	6	6
Louisiana	5	8	10	5	3	Texas	6	10	10	4	2
Maine	6	Any	20	††6	6	Utah	8	12	8	6	4
Maryland	6	6	12	3	3	Vermont	6	6	8	‡‡6	6
Massachusetts	6	Any	20	6	6	Virginia	6	6	10-20	5-10	2-3
Michigan	5	7	6-10	6	6	Washington	6	12	6	6	3
Minnesota	6	10	10	6	6	West Virginia	6	6	10	10	5
Mississippi	6	10	7	6	3	Wisconsin	6	10	20	6	6
Missouri	6	8	10	10	5	Wyoming	8	12	5	5	3
Montana	8	Any	10	8	5						

* Under seal, 10. † No law. ‡ Negotiable notes, 6; non-negotiable, 17. § Building and Loan Associations may charge 12 per cent interest and premium together. ¶ Actions on merchants' accounts must be commenced in two years. †† Under seal, 20. §§ Any rate legal on call loans $5,000 or upwards on collateral security. ‡‡ Under seal, 8.

63. Payment Before Due. If the maker of a note wishes to have the note drawn so that he may pay it at any time and thus stop the interest, he writes it so that it will read "On or before," etc., "I promise to pay," etc.

Example: Suppose Mr. John Crose borrows $500 of W. B. Cooley for one year at 8 per cent interest, on the 14th day of November, 1900. Mr. Crose does not wish to obligate himself to pay the note before the 14th day of November, 1901, but his circumstances may be such that he can pay the money within three or four months, so he has the note written as follows:

Form LXXVI.

$500.00. MONTGOMERY, ALA., *November 14, 1900.*

For value received, on or before the 14th day of November, 1901, I promise to pay W. B. Cooley or order, Five Hundred Dollars, with interest from date at 8 per cent. JOHN CROSE.

64. Partial Payments. Sometimes the drawer or maker of a note cannot pay the whole amount when the note becomes due, but is obliged to make small payments. These are called *partial payments.*

The usual form of an indorsement of a partial payment on the back of a note is as follows:

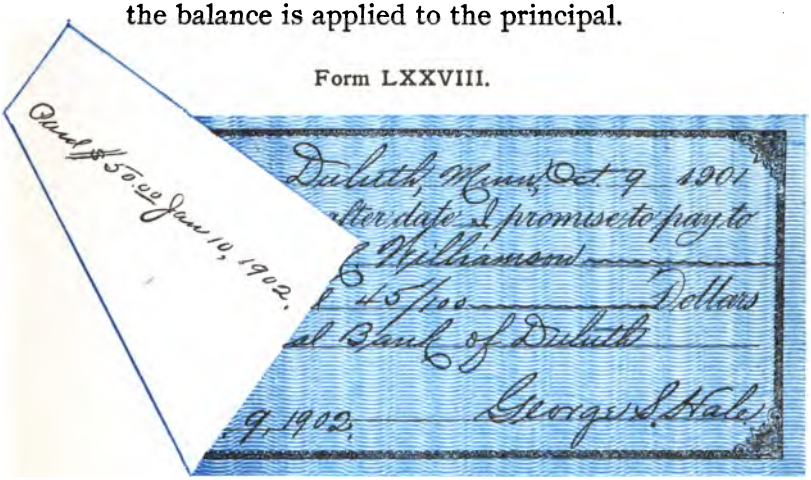
Form LXXVII.

Received on the within note, January 10, 1902, $50.00.

It has, however, become quite common to make the indorsement as simple as possible, and many times the indorsement is written as in Form LXXVIII. Payments should be made as often as possible, to reduce principal and interest.

If the amount paid is more than enough to cover the interest due on the note at the time the payment is made, the balance is applied to the principal.

Form LXXVIII.



A Simple Paid Indorsement

65. United States Rule for Partial Payments. In order to find out how much is still due on a note after one or more partial payments have been made, the United States Rule for partial payments is ordinarily used. The rule is given below and should be carefully studied.

RULE.—*Compute the interest on the principal from the date of the note to the time of the first payment. If the payment equals or exceeds the interest, add the interest to the principal and subtract the payment. If the payment does not equal or exceed the interest, take no notice of it until other payments have been made which in all equal or exceed the interest due. Subtract the sum of the payments from the amount due and treat the remainder as a new principal.*

66. Table of Time in Days. In finding the interest on a note, thirty days are considered as one month, and 360 days as one year. The usual method for finding the time a note has to run is to subtract one date from another. When the exact number of days is desired, the following table will be of assistance in finding the number of days between any two dates in the year. Tables of this kind are frequently used by bankers and others who loan money for short periods of time.

Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1	32	60	91	121	152	182	213	244	274	305	335
2	33	61	92	122	153	183	214	245	275	306	336
3	34	62	93	123	154	184	215	246	276	307	337
4	35	63	94	124	155	185	216	247	277	308	338
5	36	64	95	125	156	186	217	248	278	309	339
6	37	65	96	126	157	187	218	249	279	310	340
7	38	66	97	127	158	188	219	250	280	311	341
8	39	67	98	128	159	189	220	251	281	312	342
9	40	68	99	129	160	190	221	252	282	313	343
10	41	69	100	130	161	191	222	253	283	314	344
11	42	70	101	131	162	192	223	254	284	315	345
12	43	71	102	132	163	193	224	255	285	316	346
13	44	72	103	133	164	194	225	256	286	317	347
14	45	73	104	134	165	195	226	257	287	318	348
15	46	74	105	135	166	196	227	258	288	319	349
16	47	75	106	136	167	197	228	259	289	320	350
17	48	76	107	137	168	198	229	260	290	321	351
18	49	77	108	138	169	199	230	261	291	322	352
19	50	78	109	139	170	200	231	262	292	323	353
20	51	79	110	140	171	201	232	263	293	324	354
21	52	80	111	141	172	202	233	264	294	325	355
22	53	81	112	142	173	203	234	265	295	326	356
23	54	82	113	143	174	204	235	266	296	327	357
24	55	83	114	144	175	205	236	267	297	328	358
25	56	84	115	145	176	206	237	268	298	329	359
26	57	85	116	146	177	207	238	269	299	330	360
27	58	86	117	147	178	208	239	270	300	331	361
28	59	87	118	148	179	209	240	271	301	332	362
29	------	88	119	149	180	210	241	272	302	333	363
30	------	89	120	150	181	211	242	273	303	334	364
31	------	90	------	151	------	212	243	------	304	------	365

Example: Suppose we wish to find the number of days from March 14th to September 3d of the same year. March 14th is numbered 73 and September 3d is numbered 246. Subtract 73 from 246 and we will have the exact number of days intervening, or 173 days. If February 29th occurs in the time, add an additional day. The day a note is made is not included in its time to run. If the note were dated April 8th, to run 60 days, and were given in a state which recognizes days of grace, we would add the three days of grace, making 63 days. Now April 8th is numbered 98; adding 63 days equals 161, which is June 10th, or the time when the note falls due.

67. Merchants' Rule for Computing Interest. The Commercial or Merchants' Rule is frequently used in finding the amount due on notes and accounts. The rule is as follows:

RULE.—*Find the amount of the principal from the time it begins to draw interest to the day of settlement. Find also the interest on each payment from the time it was made to the date of settlement and subtract the sum of the payments and the interest on the same from the amount of the principal. The remainder will be the sum due at the time of settlement.*

68. Usury. When a higher rate of interest is charged for the use of money than the law allows, it is called *usury*, and it cannot be collected legally. Usury laws were passed to protect the borrower from having hard and impossible conditions imposed upon him by the lender.

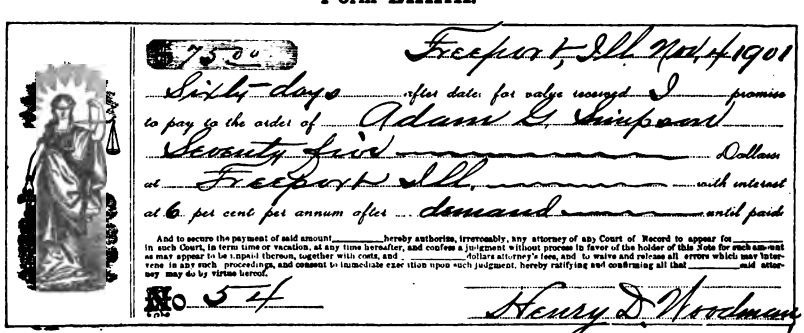
Sometimes a person is placed in such a position that he must have money, and this absolute necessity to borrow money would enable those who have money to lend, to charge an excessive rate of interest for the money they loan. In some instances 50 per cent or as high as 100 per cent has been charged the borrower. The usury laws were framed to

prevent these exorbitant charges. They have not proved so satisfactory as was anticipated, nor have they wholly accomplished the object for which they were enacted, so that now the laws regarding usury are much changed from what they formerly were, and in some of the states there are no usury laws whatever. Parties may charge any rate of interest that is agreed upon.

In many of the states where there are usury laws in force any charge above the legal rates simply forfeits the excess. This is the law in Michigan, Indiana, Minnesota, Ohio, Pennsylvania, and several other states. In some of the states, however, to charge usury forfeits all interest and a part of the principal, while in others, as in Illinois, the interest is forfeited and a fine imposed for the usury. What is the law regarding usury in your state?

69. "Ironclad" or Judgment Notes. In some parts of the United States an additional clause is sometimes inserted in a promissory note, providing that in case it becomes necessary to resort to an action at law to enforce payment, the

Form LXXIX.

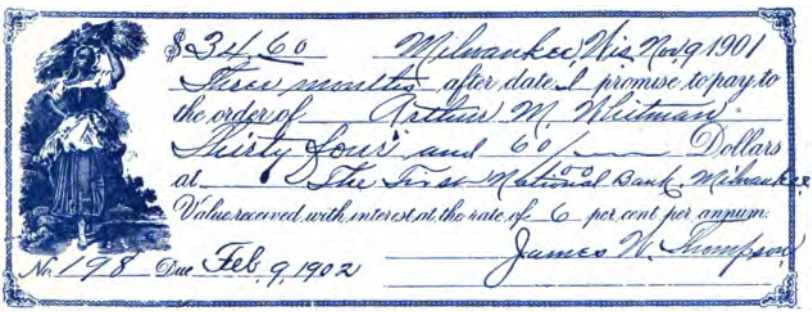

$75 00
Freeport, Ill. Nov. 4 1901
Sixty days after date, for value received I promise
to pay to the order of Adam G. Simpson
Seventy five Dollars
at Freeport Ill. with interest
at 6 per cent per annum after demand until paid
And to secure the payment of said amount hereby authorize, irrevocably, any attorney of any Court of Record to appear for in such Court, in term time or vacation, at any time hereafter, and confess a judgment without process in favor of the holder of this Note for such amount as may appear to be unpaid thereon, together with costs, and dollars attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.
No 54
Henry D. Woodman

A Judgment Note

maker of the note will pay an additional amount to cover attorney's fees and expense of collecting.

Some of the states have a form of note called a *judgment note.* This form of note contains a "power to confess judgment" in case the note is not paid at maturity. A power to confess judgment authorizes the court to take immediate possession of as much of the maker's property as will cover

Form LXXX.


$34.60 Milwaukee, Wis. Nov. 9 1901
Three months after date I promise to pay to
the order of Arthur M. Whitman
Sixty four and 60/ Dollars
at The First National Bank, Milwaukee
Value received, with interest at the rate of 6 per cent per annum
No. 178 Due Feb. 9, 1902
James W. Thompson

A common form of Promissory Note

the amount of the note and costs. It is necessary to give a notice of such action to the maker of the note. This judgment could be secured from any court of record. When a note contains a clause of this description it is frequently called an *ironclad note.* One should be extremely careful about giving such a note, and, in fact, it never should be given if it can be avoided.

In some of the states a note of this description would be considered illegal on the ground that it may afford cover for usury, and the payee of a note should be careful to ascertain what the law is in the state where he is doing business before inserting a clause of this kind in a promissory note.

70. **Joint Notes.** When two persons give a note they make it in either of two ways. They may write it, "we jointly and severally promise to pay," or, "we promise to pay," and both sign their names. In the former case the note is called a *joint and several note*, and in the latter a *joint note*. In case any question arises as to the payment of the above, the makers of a joint and several note may be sued separately, and in a joint note they must be sued jointly, that is, together, but in some states this distinction is abolished by law.

Form LXXXI.

JOINT NOTE

$216.00 SIOUX FALLS, S. D., *August 19, 1901.*

Sixty days from date, for value received, we promise to pay E. W. Hazard, or order, Two Hundred and Sixteen Dollars, with interest.

B. J. HENSHAW.
C. D. SNOOK.

Form LXXXII.

JOINT AND SEVERAL NOTE

$600.00 SOUTH BEND, IND., *May 28, 1901.*

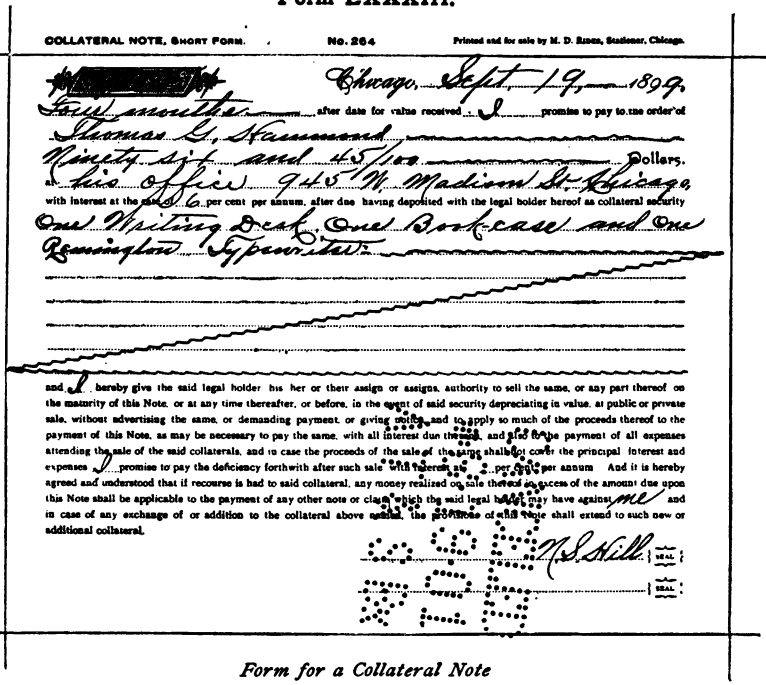
Thirty days after date, for value received, we jointly and severally promise to pay to the order of R. L. Peters, Six Hundred Dollars, with use.

ROBERT BEARDSLEY.
GEORGE JOHNSON.

71. **Collateral Notes.** A *collateral note* differs somewhat from an ordinary promissory note, and is used when the person in whose favor the note is drawn receives and holds as security for the payment of the amount named in the note, certain property belonging to the maker. This is called "collateral security," and if the maker of the note does not keep his promise faithfully to pay the note when due, the holder

of the collateral security is empowered to sell the property, keeping a sufficient amount of the proceeds to cover his own claims, and restoring the remainder to the maker of the note.

Form LXXXIII.



COLLATERAL NOTE, SHORT FORM. No. 264 Printed and for sale by M. D. Rines, Stationer, Chicago.

Chicago, Sept. 19, 1899.

Four months after date for value received I promise to pay to the order of

Thomas G. Hammond

Ninety six and 45/100 Dollars,

at this office 945 W. Madison St. Chicago,

with interest at the rate of 6 per cent per annum, after due having deposited with the legal holder hereof as collateral security

One Writing Desk, One Bookcase and One Remington Typewriter.

and I hereby give the said legal holder his her or their assign or assigns, authority to sell the same, or any part thereof on the maturity of this Note, or at any time thereafter, or before, in the event of said security depreciating in value, at public or private sale, without advertising the same, or demanding payment, or giving notice, and to apply so much of the proceeds thereof to the payment of this Note, as may be necessary to pay the same, with all interest due thereon, and also the payment of all expenses attending the sale of the said collaterals, and in case the proceeds of the sale of the same shall not cover the principal interest and expenses I promise to pay the deficiency forthwith after such sale with interest at per cent per annum And it is hereby agreed and understood that if recourse is had to said collateral, any money realized on sale thereof in excess of the amount due upon this Note shall be applicable to the payment of any other note or claim which the said legal holder may have against me and in case of any exchange of or addition to the collateral above named, the provisions of this note shall extend to such new or additional collateral.

M. S. Hill SEAL

SEAL

Form for a Collateral Note

A collateral note is used in many cases where the maker borrows money and wishes to make his promise of payment as secure and satisfactory as possible without asking any of his friends to sign the note with him. The property left as a pledge is described in the body of the note itself. Stocks, bonds, and negotiable notes are often used for this purpose.

Form LXXXIV.

NOTE PAYABLE BY INSTALLMENTS

$275.00 CLEVELAND, O., *June 11, 1901.*

For value received, I promise to pay to George D. Johnson or order, the sum of Two Hundred and Seventy-five Dollars, with interest from date at 6 per cent per annum as follows: One Hundred Dollars on or before May 5, 1902, One Hundred Dollars on or before August 1, 1902, and Seventy-five Dollars on or before December 11, 1902.

C. D. SMITH.

Form LXXXV.

NOTE PAYABLE ON OR BEFORE A CERTAIN DATE

$56.75 MILWAUKEE, WIS., *May 3, 1901.*

On or before the twelfth day of January, 1902, I promise to pay to G. McDonald or order, Fifty-six and $\frac{75}{100}$ Dollars, with interest from date at 7 per cent. Value received.

G. P. TRUESDALE.

Form LXXXVI.

PRODUCE NOTE

$25.00 BUCHANAN, MICH., *September 5, 1901.*

For value received, I promise to pay to George D. Johnson, on demand, Twenty-five Dollars in produce at my feed store.

M. W. BROWN.

NOTE.— A *produce note* is one payable in produce.

72. Special Things to Remember About Notes. The subject of promissory notes is a very extensive one, and only a few of the many important things pertaining to it can be mentioned here. The following are of special interest and should be carefully noted:

1. A note made on Sunday is void in some states.
2. A note made under duress or compulsion is void.

3. Notes obtained by fraud, or made by a person when intoxicated, usually cannot be collected.

4. Notes bear interest only when so stated in the note, except after maturity, when they draw the legal rate of interest in the state where they are issued.

5. The holder of a note has a legal claim against every person who has indorsed it, and each indorser is responsible to all indorsers who follow him.

6. A note may be written on any paper, with pen or pencil, and it will be valid.

7. If a note be lost or stolen, the maker is not necessarily released from payment.

8. If no time of payment is specified in a note — simply a promise to pay — the note is due at once.

9. A note made in one state and payable in another must be governed by the laws of the state in which it is to be paid.

10. Notes payable on demand draw no interest until after they have been presented for payment, unless it is stated in the note that they are to draw interest. After they have been presented for payment they draw the legal rate of interest.

11. If a note reads "with interest," but no rate is specified, it draws the legal rate of interest in the state where it was given, from the time it was made.

12. If a note falls due on a Sunday or on a legal holiday, it should be paid the day before unless otherwise provided by law.

13. Notes payable "on demand" are not entitled to days of grace.

14. If no place of payment is mentioned in the note, it should be presented to the maker personally, or at his place of business during business hours.

15. The misspelling of a word will in no case invalidate the note.

16. If a note is given by a person who cannot write, it is important to have a witness who can testify to the genuineness of his mark.

17. The promisors of a joint note must be sued jointly, while either promisor of a joint and several note may be sued alone.

18. A note payable on demand is due as soon as the demand is made; but if it is payable "one day from date," three days of grace are allowed for payment in most of the states.

19. If both figures and words are used in a note, the words take precedence in a case of doubt or disagreement.

20. The figures are usually placed in the upper left-hand corner of the note, and the words in the body of the instrument.

21. If a note is signed by a firm, it may be collected from either of the partners.

22. If a note is given on the 8th day of February, payable one month after date, it would be due on the 8th day of March, but if the note is given on the 8th of February and is payable thirty days after date, the exact number of days must be counted in order to find just when it falls due.

23. If a note has been lost or stolen, the holder must make a formal demand for its payment, and must offer an indemnity bond in case the maker pays.

24. If a payment is made on a note which is secured by a mortgage, the amount of the payment is indorsed on the back of the note, not on the mortgage.

25. A note given by a minor is void unless it is given for actual necessities, such as food and clothing. If, however, the note is given when the maker is under age, and when he has become of legal age he ratifies the note, it is binding.

Exercises on Chapter IV.

1. What is a promissory note?

2. What is the difference between a note and a check?

3. Is a note signed with a lead pencil good at law? Would you advise signing them that way? Why?

4. If no time of payment is specified in a note, when is it due?

5. A note is drawn payable one month after date, and is dated February 2, 1898; when is it due? If made payable thirty days after that date, when would it be due?

6. A note is given by a young man eighteen years of age, who has property of his own; can the note be collected? Supposing the note had been given for board or for necessaries of life, would that make any difference about collecting the amount of the note?

7. What is an accommodation note? Describe two forms of accommodation notes, and tell which, in your judgment, would be the better form.

8. What is a judgment note? Why should one not sign a judgment note unless absolutely necessary?

9. Supposing no rate of interest is mentioned in a note, does it draw any interest, and if so at what rate? When would it commence to draw interest?

10. If the holder of a note sells it to a third person and transfers it by indorsement, is he responsible for its payment? How can he indorse it so as not to hold himself responsible for its payment?

11. If a man sign a note on its face as security, is he one of the makers of the note or is he an indorser?

12. If you hold a note against P. W. Van Arsdale and the note is destroyed by fire, can the amount of the note be

collected? How would you proceed if Mr. Van Arsdale refuses to pay the note?

13. If the figures in the left-hand corner of a note showed the principal to be $120.25, and the writing in the body of the note showed one hundred thirty and 45-100 dollars, which would be considered correct?

14. You sell a horse to H. W. Gilson for $125, and in payment receive his note due in six months. R. W. Powers signs the note with him as security. Write the note with signatures.

15. At the end of six months H. W. Gilson pays $100. Make the indorsement on the note. One month later you sell the note to A. C. Howe and transfer it to him by indorsement. Make the proper indorsement. How could you make the indorsement so as not to hold yourself responsible for its payment?

16. Define and give examples on paper of the following: Indorsement in blank, indorsement in full, qualified indorsement, and restrictive indorsement.

17. When may a note be transferred without indorsement?

18. What is the object of protesting a note and how is it done?

19. How many years will it take to outlaw a note in your state if no part of the principal or interest is paid?

20. Distinguish between a joint and a joint and several note.

21. Write a letter to Johnson, Forbes & Co. of Little Rock, Ark., informing them that a note made on the 20th day of May last by F. C. Larkin and indorsed over to you by Johnson, Forbes & Co., is now due, and that presentation has been made to Mr. Larkin, who dishonored the note. Tell Johnson, Forbes & Co. that therefore you look to them for payment.

General Review Exercises

1. In an invoice of goods sold, what is the first double column to the right of the invoice used for?

2. Which is the extension column?

3. What other things are noted in an invoice besides the quantities and prices of the goods?

4. What is meant by trade discount?

5. Is there any difference between a trade discount and a cash discount?

6. You receive an invoice of goods from Simpson & Brown, St. Louis, Mo., and find that they have overcharged you. Write a polite letter to them, calling their attention to the overcharge, and ask them for a corrected invoice.

7. Of what use are banks?

8. What is the difference between a savings bank and a bank of deposit?

9. Describe the method of opening an account with a bank of deposit.

10. Will bankers accept deposits of money from anyone who wishes to open an account with them?

11. When a depositor places money in a commercial deposit bank, what does he hold as a receipt to show the amount of his deposit?

12. Can money which is deposited in a savings bank be withdrawn by check?

13. You buy of T. D. Wood & Co. a bill of goods amounting to $245.35. Write a check in payment, making it payable to their order.

14. If you owe William Smith $23.45 on account and give him a check in payment, would it be necessary for him to give you a receipt showing that the account has been paid?

CHAPTER V.

DRAFTS

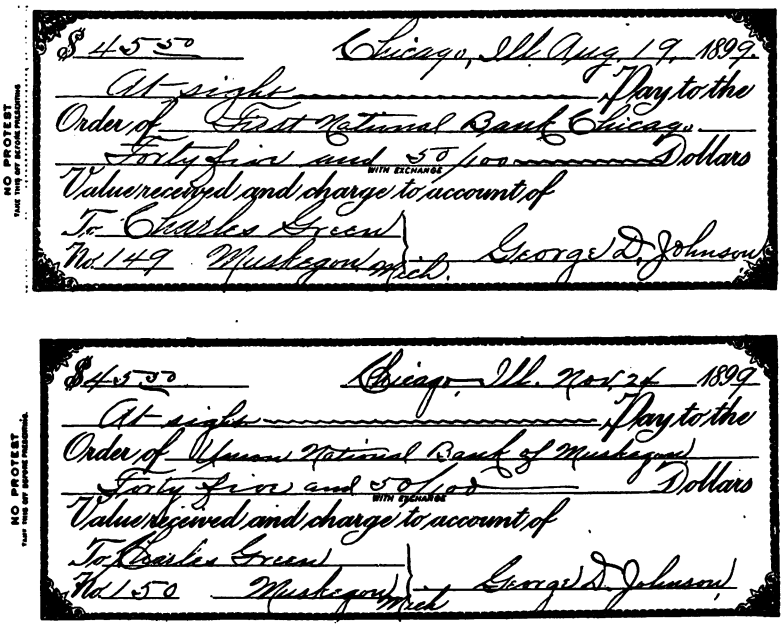
73. Uses of Drafts. A *draft* is a written order or request by one party to a second to pay to a third a certain sum of money at a specified time. There are always three parties to a draft: the *drawer*, the *drawee*, and the *payee*. The *drawer* of a draft is the person who draws it or signs his name to it. The *drawee* is the person on whom the draft is drawn, or the one who is to pay the draft. The *payee* is the person to whom the payment is to be made. It is customary in writing a draft to place the address of the person who is to pay the draft in the lower left-hand corner.

A very common method used by business men for collecting accounts is by draft.

Example: Let us suppose that Mr. Charles Green, who lives in Muskegon, Mich., owes Mr. George D. Johnson, a wholesale merchant of Chicago, $45.50 for a bill of goods purchased. If Mr. Green does not send the remittance for the amount due for the goods after a certain time which is usually specified in the invoice, Mr. Johnson would probably draw a draft on him for the amount due. The draft might be drawn "on demand" or "at sight" or any number of days after sight or demand. If it were drawn payable "at sight," it would be drawn like Form LXXXVII.

When Mr. Johnson has drawn the draft, he will take it to some

Form LXXXVII.

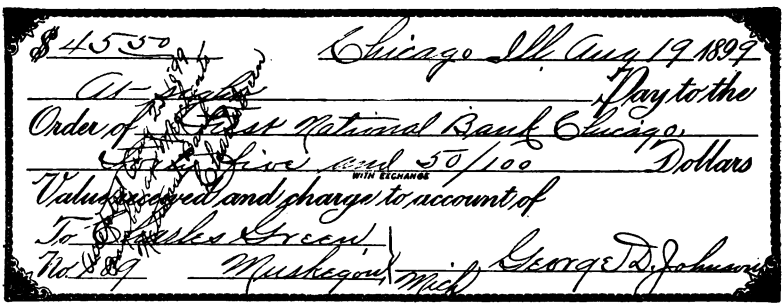

$45 50
Chicago, Ill. Aug. 19, 1899
At sight Pay to the
Order of First National Bank Chicago
Forty five and 50/100 Dollars
WITH EXCHANGE
Value received and charge to account of
To Charles Green
No 149 Muskegon Mich.
George D. Johnson
NO PROTEST
$45 50
Chicago Ill. Nov 24 1899
At sight Pay to the
Order of Union National Bank of Muskegon
Forty five and 50/100 Dollars
WITH EXCHANGE
Value received and charge to account of
To Charles Green
No 150 Muskegon Mich
George D. Johnson
NO PROTEST

Commercial Sight Drafts

bank in Chicago, the First National Bank in this instance, and it will be indorsed over to some bank in Muskegon and be sent there for collection. If Mr. Johnson had wished to do so he could just as well have drawn the draft payable to some bank in Muskegon, and sent it direct to the banker there for collection instead of asking the banker in Chicago to attend to the collection for him. If Mr. Green had happened to live in some small place where there was no bank, Mr. Johnson could have sent the draft to the postmaster or some other responsible person for collection. When the banker in Muskegon receives the draft to be collected, he sends

it to Mr. Green by one of the bank clerks whose business it is to look after collections. As it is a sight draft, Mr. Green will be given three days of grace after he has accepted it, but he would not be allowed this time in states where days of grace have been abolished. If he is willing to pay the draft, he writes across its face, usually in red ink, "Accepted," and the date, and also states where he will pay it, and signs his name as in the form following:

Form LXXXVIII.



Form of an Accepted Draft

Mr. Green is not obliged to accept the draft unless he chooses to do so, but when he has accepted it he is obliged to pay it when it becomes due, just as he would be obliged to pay a note.

After the draft has been accepted the clerk takes it back to the bank and waits until the expiration of the time when the acceptance is due. He then leaves it at the place designated by Mr. Green for payment, and when the draft is paid the proceeds are remitted to Mr. Johnson by bank draft, and the whole cost to him will not be more than 20 or 25 cents.

One should be careful not to draw on a person unless he has been notified of the intention. Many business men prefer to be notified of the dates their accounts become due, and to make arrangement for payment by other means.

74. **Indorsement "for Collection."** It frequently happens that a person holding a bill or note finds it necessary to send it for collection to some place where there is no bank, and if he has little or no acquaintance with the person whom he asks to make the collection for him, he should indorse and add the words, "for collection." This checks the further transfer of the paper, because any one to whom it may be offered can see that it was the business of the person presenting it to him to collect it on the indorser's account. It is not customary, however, to do this where collections are made through banks, and some banks refuse to accept drafts indorsed "for collection."

75. **Dishonoring a Draft.** Thousands of drafts are collected by banks every day. Some business men do not send a remittance for goods purchased, preferring to wait until a draft is drawn upon them for the amount due. Some people are more likely to pay drafts drawn upon them for amounts due than they are to send a remittance for the amount if a statement of account is sent them. A business man is not obliged to accept a draft when presented, even if the account for which the draft is drawn is past due; but if he refuses to accept the draft, he should give some reason for refusing, so that a brief explanation may be made on the back of the draft before it is returned to the drawer. Business men often borrow money of banks, and should they habitually refuse to honor drafts on them the banks would soon refuse to extend them credit.

A person who refuses to pay or to accept a draft that is drawn upon him is said to have *dishonored* it. Many business men draw on their customers and then discount these drafts at their bank. Some of the drafts are dishonored when presented to the drawee, but the drawer is, of course, responsible for the payment of any drafts which he has discounted at his

bank, and he must make good the shortage caused by any drafts which are dishonored.

76. Protest of Drafts. Drafts which are not accepted or paid when due are usually protested in the same manner that notes are protested, but not for the same reason. Notes, you will remember, are protested in order to hold the indorsers liable (see § 59). Drafts are protested usually to serve as a notice to the drawer of non-payment or non-acceptance, or, if the drafts have been discounted, to hold the drawer or maker liable. Drafts may be transferred by indorsement the same as notes and checks, and the same rules as to indorsement apply.

77. Bank Drafts. Nearly all banks keep money on deposit to their credit with some metropolitan bank or some bank in a commercial center. As New York is the commercial center of the United States, most large banks keep a deposit in some New York bank. Usually they have money on deposit in one or two cities in the West and one or two cities in the East.

Example: Let us suppose that Mr. George L. Peters of Madison, Wis., owes Scott, Jackson & Co. of New York $35.75, and wishes to pay his bill. He does not care to send them the money, for there would be considerable expense connected with paying the bill in that way. The express companies would charge him for carrying the money, and if he should send it through the post office there would be some delay. He would much prefer, and it would be much safer, cheaper, and more convenient, for him to go to his banker and buy a draft on a New York bank for the amount he owes, and send it to Scott, Jackson & Co. The bank in Madison, Wis., would charge Mr. Peters a little more than the amount of the draft, $35.75—enough more to pay them for the trouble of drawing the draft.

The draft which Mr. Peters would receive from the bank in Madison would be something like the first form given below.

Form LXXXIX.

No. 659.

Madison, Wis , Nov. 2nd, 1901.

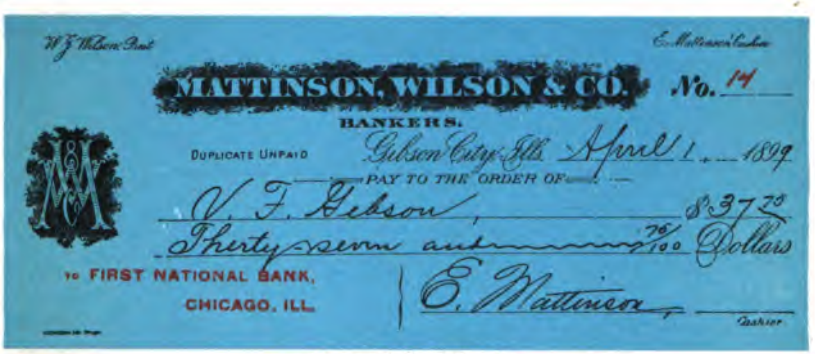
FIRST NATIONAL BANK OF MADISON.

Pay to the order of Scott, Jackson & Co , ... $35.75

Thirty five and 75/100 . .. . Dollars

To FIRST NATIONAL BANK
New York

N. J. Peterson
Cashier.



Forms of Bank Draft

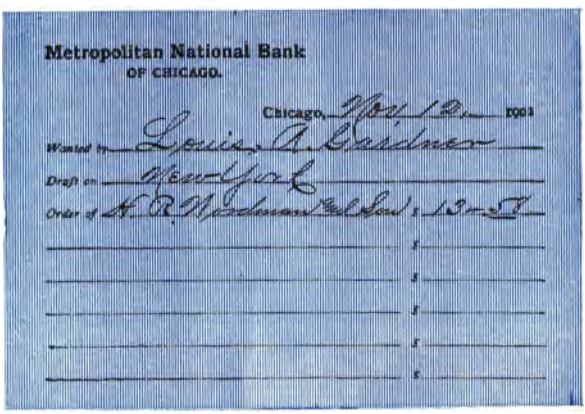
If Mr. Peters had wished to do so he could have had the draft drawn payable to himself and then indorsed it over to Scott, Jackson & Co. of New York, by writing across the back of the draft, "Pay to the order of Scott, Jackson & Co.," and signing his name. As all drafts are finally returned to the banks where they were issued, they may be used if necessary to prove that payment has been made.

78. Uses of Bank Drafts. Business men use bank drafts more than any other method for sending money remittances from one part of the country to another. There are, however, several other methods by which one may send money from one place to another.

Any of the New York banks would accept the draft drawn by the Madison bank on a bank in New York. In fact, almost any bank in the United States would cash a bank draft on New York or Chicago or any of the other commercial centers. Banks in which other banks have deposits are called by them *correspondents* or *correspondent banks.*

Nearly all banks furnish application blanks for drafts as shown in Form XC.

Form XC.


Metropolitan National Bank
OF CHICAGO.

Chicago, Nov. 12, 1903

Wanted by Louis A. Gardner

Draft on New York

Order of A. R. Maclennan Pub. Co. $ 13.50

$

$

$

$

$

Form of Request for a Draft

In buying a draft at a bank it is always best to have it made payable to yourself, and then indorse it in favor of the party to whom you intend to transfer it. This draft will then serve as a receipt if proof of payment is necessary.

Exercises on Chapter V.

1. How many parties are there to a draft? Name them.

2. J. B. Shearer & Co. of Flagstaff, Ariz., owe you $73.29. Draw a sight draft on them for the amount. Write a letter to them advising them of your action. To whom would you send this draft for collection? Suppose J. B. Shearer & Co. do not accept the draft on presentation, what would be done?

3. Where are the drawee's and payee's names placed on a draft?

4. What is the object of protesting a draft?

5. Render Merritt F Gilman of Moberly, Mo., a statement of account containing three debits and one credit item. Draw on him at ten days' sight, and have the draft discounted at the bank. Write him with reference to the matter, advising him of your action. Mr. Gilman dishonors the draft because, as he thinks, there is a mistake in your statement of account. Write his letter to you.

6. In your opinion, is it best to draw on a good customer without his consent? Why?

7. How can payment of a check be stopped?

8. V. Y. McClure transfers a draft to you by blank indorsement. Can you pay a bill which you owe to George McMurray & Co. with the same? Why?

9. Explain fully the difference between a note, a check, and a draft.

10. Which would you prefer to receive in payment of a bill: a check, a note signed by one person without indorsement, or a bank draft? Why?

11. Explain acceptance, indorsement in full, and indorsement in blank, as applied to commercial paper.

12. What do we mean by commercial paper?

General Review Exercises

1. How would you address a letter to the Governor of your state?

2. Mention the proper titles for three different people with whom you are acquainted.

3. To whom is a general letter of recommendation addressed?

4. Write a short letter to C. J. Williams & Co. acknowledging the receipt of a check for $250 to apply on their account, and thanking them for same.

5. Mr. John W. Adams sends you a check to settle his account, but has deducted a trade discount of 10 per cent amounting to $14.50, to which he is not entitled. Write a letter to him calling his attention to the matter, and return the check to him with the request that a check for the full amount be sent.

6. What is an invoice?

7. On May 20th you sell to C. D. Davis & Co., Topeka, Kan., 40 barrels flour at $5.50 per barrel, 2,245 pounds corn meal at $1.15 per hundred, 345 pounds oatmeal at 5 cents per pound. Make out an invoice of same.

8. What is an indorsement?

9. Where is the proper place for an indorsement on a check?

10. How can you determine whether it is necessary that a check be indorsed or not before presenting it for payment?

11. Why should a check not be indorsed until just before having it cashed?

12. Why is the existence of promissory notes necessary?

13. Why is a written promise to pay better than a verbal one?

14. What does negotiability mean?

15. How many parties are there to a note, and what are they called?

16. What is meant by the maturity of a note?

17. If a man holds a note which is already indorsed in blank, and transfers it by mere delivery, what responsibility does he assume?

18. When is a note said to be dishonored?

19. What is meant by days of grace?

20. If a note falls due on a holiday, when should it be presented for payment?

CHAPTER VI.

GENERAL POSTAL INFORMATION, POST OFFICE MONEY ORDERS, EXPRESS MONEY ORDERS, LETTERS OF CREDIT

79. General Postal Information. The postal service of the United States is maintained by the Government for the benefit of the people, and is one of the most important branches of the public service. It is not intended as a money-making institution, but to provide a safe and convenient method of transmitting mail matter of various kinds and at small expense.

Mail matter is divided into four classes, and a different rate is charged for each class.

DOMESTIC POSTAGE RATES

LETTERS AND POSTAL CARDS WITHIN UNITED STATES.	Per oz.
Letters to any part	2 cts.
City drop letters	2 cts.
Postal cards to any part	1 ct. each
Registration fee in addition to regular postage	10 cts.
For immediate delivery, in addition to regular postage	10 cts.

FIRST-CLASS MATTER.—This class includes letters, postal cards, and anything sealed or otherwise closed against inspection, or anything containing writing not allowed as an accompaniment to printed matter under class three.

Nothing must be added or attached to a postal card, except that a printed address slip may be pasted on the address or message side. The addition of anything else subjects the card to letter postage. A message may now be written on the face of a postal card, using space indicated. A card containing any threat, offensive dun, or any scurrilous or indecent communication will not be forwarded. The rule that has heretofore existed excluding from the face of a postal card words indicating the occupation or business of the addressee has been revoked. These additions, or others of a like general character, are now held to be constructively a part of the address, and therefore permissible. Cards that have been spoiled in printing or otherwise will not be redeemed.

"*Private Mailing Cards*" bearing written messages may be transmitted in the mails at the rate of a cent apiece, stamps to be affixed by the sender; such cards to be sent openly in the mails, to be no larger, and to be approximately of the same form, quality, and weight as the stamped postal card now in general use in the United States. Private mailing cards sent to foreign countries, except to those where there is a special rate, require a 2c stamp.

Rates on specially delivered letters, ten cents or each letter in *addition* to the regular postag

This entitles the letter to immediate delivery by special messenger. Ordinary stamps, to the amount of ten cents, affixed to a letter bearing regular postage, entitles it to special delivery, if it is so marked.

Letter rates are charged on all productions by the typewriter or manifold process, and on all printed imitations of typewriting or manuscript, unless such reproductions are presented at post-office windows in the minimum number of twenty identical copies.

Letters (but no other class of mail matter) will be returned to the sender free, if a request to that effect is printed or written on the envelope. There is no limit of weight for first-class matter.

Prepaid letters will be reforwarded from one post-office to another upon the written request of the person addressed, without additional charge for postage. The direction on forwarded letters may be changed as many times as may be necessary to reach the person addressed.

SECOND-CLASS MATTER—which embraces newspapers, magazines, and periodicals published not less than four times a year, when mailed by publisher or news-agent *to regular subscribers*, one cent, prepaid, per pound, or fraction thereof. Second-class matter mailed by other persons than publishers or news-agents becomes special matter, specially entitled to pass through the mails at one cent for each four ounces or fraction thereof. No limit as to weight.

THIRD-CLASS MATTER.—Mail matter of the third class includes printed books, pamphlets, engravings, circulars (in print or by the hectograph, electric-pen, or similar process), and other matter wholly in print, proof-sheets, corrected proof-sheets, and manuscript copy accompanying the same.

The rate on matter of this class is *one cent for each two ounces or fraction thereof.*

Manuscript unaccompanied by proof-sheets must pay letter rates.

Third-class matter must admit of easy inspection, otherwise it will be charged letter rates on delivery. It must be fully prepaid, or it will not be forwarded.

The limit of weight is four pounds, except single books in separate packages, on which the weight is not limited. It is entitled, like matter of the other classes, to special delivery when ten cents in stamps are affixed in addition to the regular postage.

Upon matter of the third class, or upon the wrapper or envelope inclosing the same, or the tag or label attached thereto, the sender may write his own name, occupation, and residence or business address, preceded by the word "from," and may make marks other than by written or printed words to call attention to any word or passage in the text, and may correct any typographical errors. There may be placed upon the blank leaves or cover of any book, or printed matter of the third-class, a simple manuscript dedication or inscription not of the nature of a personal correspondence. Upon the wrapper or envelope of third-class matter, or the tag or label attached thereto, may be printed any matter mailable as third-class, but there must be left on the address side a space sufficient for the legible address and necessary stamps.

FOURTH-CLASS MATTER.—Fourth-class matter is all mailable matter not included in the three preceding classes, which is so prepared for mailing as to be easily withdrawn from the wrapper and examined. It embraces merchandise and samples of every description, and coin or specie.

Rate of postage, *one cent for each ounce or fraction thereof* (except seeds, roots, bulbs, cuttings, coins, and plants, the rate on which is *one cent for each two ounces or fraction thereof*). This matter must be fully prepaid, or it will not be forwarded. The affixing of ten cents in stamps in addition to the regular postage entitles fourth-class matter to special delivery.

Articles of this class that are liable to injure or deface the mails, such as glass, sugar, needles, nails, pens, etc., must be first wrapped in a bag, box, or open envelope, and then secured in another outside tube or box, made of metal or hard wood, without sharp corners or edges, and having a sliding clasp or screw lid, thus securing the articles in a double package.

Poisons, explosives, or inflammable articles, live animals, insects, or substances exhaling a bad odor will not be forwarded.

Firearms may only be sent in detached parts.

The regulations respecting the mailing of liquids are as follows: Liquids, not ardent, vinous, spirituous, or malt, and not liable to explosion, spontaneous combustion, or ignition by shock or jar, and not inflammable (such as kerosene, naphtha, or turpentine), may be admitted to the mails for transportation within the United States. When in glass bottles or vials, such bottles or vials must be strong enough to stand the shock of handling in the mails, and must be enclosed in a metal, wooden, or papier mache block or tube, not less than three-sixteenths of an inch thick in the thinnest part, strong enough to support the weight of mails piled in bags and resist rough handling; and there must be provided, between the bottle and said block or tube, a cushion of cotton, felt, or some other absorbent sufficient to protect the glass from shock in handling; the block or tube to be closed by a tightly fitting lid or cover, so adjusted as to make the block or tube water tight and to prevent the leakage of the contents in case of breaking the glass. When inclosed in a tin cylinder, metal case, or tube, such cylinder, case, or tube should have a lid or cover so secured as to make the case or tube water-tight, and should be securely fastened in a wooden or papier mache block (open only at one end), and not less in thickness and strength than above described. Manufacturers or dealers intending to transmit articles or samples in considerable quantities should submit a sample package, showing their mode of packing, to the postmaster at the mailing office, who will see that the conditions of this section are carefully observed. The limit of admissible liquids and oils is not exceeding four ounces, liquid measure.

Limit of weight of fourth-class matter (excepting liquids), four pounds.

The name and address of the sender, preceded by the word "from," also any marks, numbers, names, or letters used for description, such as prices, quantity, etc., may be written on the wrapper of fourth-class matter without additional postage charge. A request to the delivering postmaster may also be written asking him to notify the sender in case the package is not delivered.

CANADA.—Same as in the United States, except seeds, scions, bulbs, cuttings and roots are one cent per ounce.

CUBA.—The United States domestic rates of postage and classification apply to all mail matter passing between the United States and Cuba.

MEXICO.—Same as in the United States. Limit of weight of single package, 4 lbs. and 6 oz., except single printed books, which may weigh more. Merchandise must be sent by parcel post.

FOREIGN POSTAGE RATES

Letters—5c for the first ounce or fraction thereof, and 3c for each additional ounce.

This rate applies to all countries in Postal Union, except countries above named, also letter mail to Great Britain, Ireland, Germany (in German steamers only), and Newfoundland, for which see U. S. rates.

Postal Cards—Single, 2c each; double, 4c each.

Registration Fee on letters or other articles, 10c each.

Printed Matter—1c for each 2 ounces or fraction thereof. Limit of weight, 4 pounds and 6 ounces.

Commercial Papers—5c for the first 10 ounces or less, and 1c for each additional 2 ounces or fraction thereof. Limit of weight, 4 pounds and 6 ounces.

Samples of Merchandise—2c for the first 4 ounces or less, and 1c for each additional 2 ounces or fraction thereof. Limit of weight, 12 ounces.

Parcel Post Exchange—A parcel sent as parcel post must not be posted in a letter box, but must be mailed at the Foreign Branch, General Post Office, or at any postal station. Postage, 12c a pound or fraction thereof. Limit of weight, 11 pounds.

Ordinary letters for any foreign country (except Canada, Cuba, and Mexico) must be forwarded whether any postage is paid on them or not. All other mailable matter must be prepaid, at least partially.

U. S. Army and Navy—Rates on mail addressed to a member of the U. S. Army or Navy, regardless of where stationed, are the same as domestic.

80. Post Office Money Orders. The method used by most business men for paying accounts or obligations in a distant city is by bank draft. There are, however, other methods as safe and almost as convenient. One is by *post office money order*, a method which positively insures the sender against loss. All post offices are not money order offices, and post office money orders may be used to send money only to those places where there are such offices. The cost varies with the amount of the order issued.

At all money order offices, money order blanks like that shown in Form XCI. will be found. On this blank the sender makes a written application for the money order which he wishes to send.

81. Collection of Post Office Money Orders. After the application is made out and the money for the order and the charges for same are paid to the postmaster, the purchaser is given an order by the postmaster which, after detaching and retaining the receipt at the right, he will send to the person to whom he wishes to pay the money. The money order contains the name of the sender and of the payee, who must be identified when he presents the order to the postmaster at the place where it is to be paid. No

Form XCI.

Dollars Cents

$

Stamp of Issuing Office

(Form No. 6001)

No.....

The Postmaster will insert

here.....

the office drawn on, when the office named by the remitter in the body of this application is not a Money Order Office.

Spaces above this line are for the Postmaster's record, to be filled in by him.

Application for Domestic Money Order

Spaces below to be filled in by purchaser, or, if necessary, by another person for him

Amount

..... Dollars..... Cents

Pay to Order of } .....

(Name of person or firm for whom order is intended)

.....

Whose Address is } No..... Street

Post Office } .....

State.....

Sent by.....

(Name of Sender)

.....

Address of sender } No..... Street

PURCHASER MUST SEND ORDER (ON BLUE PAPER) TO PAYEE

Form XCII.

Fees for Money Orders drawn on Domestic Form

Payable in the United States (which includes Hawaii and Porto Rico) and its possessions comprising the Canal Zone (Isthmus of Panama), Guam, the Philippines and Tutuila, Samoa; also for Orders payable in Bermuda, British Guiana, British Honduras, Canada, Cuba, Mexico, Newfoundland, the United States Postal Agency at Shanghai (China), the Bahama Islands, and certain other Islands in the West Indies mentioned in Register of Money Order Post Offices.

For Orders	From $ 0.01 to $ 2.50	..... 3 cents.
	From $ 2.51 to $ 5.00	..... 5 cents.
	From $ 5.01 to $ 10.00	..... 8 cents.
	From $10.01 to $ 20.00	.....10 cents.
	From $20.01 to $ 30.00	.....12 cents.
	From $30.01 to $ 40.00	.....15 cents.
	From $40.01 to $ 50.00	.....18 cents.
	From $50.01 to $ 60.00	.....20 cents.
	From $60.01 to $ 75.00	.....25 cents.
	From $75.01 to $100.00	.....30 cents.

Memoranda of Issuing Postmaster:

.....

.....

.....

.....

NOTE.—The maximum amount for which a single Money Order may be issued is $100. When a larger sum is to be sent additional Orders must be obtained. Any number of Orders may be drawn on any Money Order office: but, if Orders are drawn in excess of $300 on any one day upon an office of the 4th class, notice of the fact by letter (or Form 6857) is to be promptly sent the Department by the issuing Postmaster so that provision may be made for payment.

Applications must be preserved at the office of issue for four years from date of issue.

(EDITION December, 1909.)

money passes between one office and the other, merely the order from one postmaster to the other to pay the amount on the presentation of the order by the proper party. This order from one postmaster to another is very similar then to a bank draft. The postmaster will not pay the order to the person named until he has satisfactory proof that the person holding the order is the person named therein.

Form XCIII.

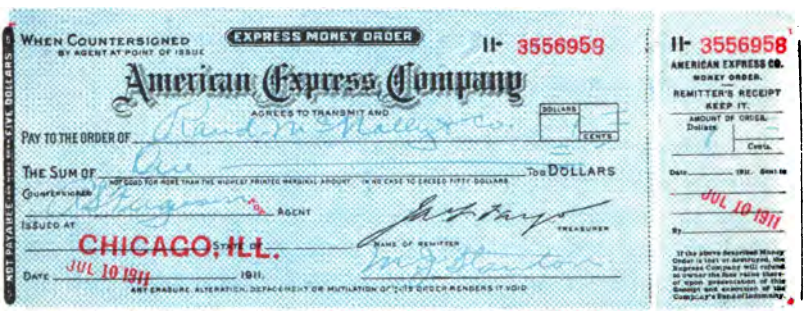
Form for a Postal Money Order

Before paying the order the postmaster will require the holder to receipt it. It is well, when one wishes to have a postal money order cashed in a strange city, to have some person identify him. If this is not practicable, he will doubtless be required to exhibit papers of some kind through which he may establish his identity to the satisfaction of the postmaster.

A post office money order may be transferred by indorsement, but only once. Banks frequently accept money orders on deposit from their customers, but stamps of banks through whose hands the order has passed are not regarded as indorsements.

82. Express Money Orders. All the leading express companies issue money orders payable at any of their offices. As these companies have offices in the principal cities of Europe, where such orders may be cashed, this is a very convenient means of carrying credit when traveling. Express money orders may be secured at any office by making a written application and paying a small fee. These orders are negotiable to any extent, and are received by banks on deposit as readily as checks or drafts. When the order is purchased, the agent gives a receipt which should be preserved, for, should the order be lost, the amount of the order can be secured by giving the company an indemnity bond similar to the one given in the case of a lost or stolen note.

Form XCIV.



An American Express Company Money Order

At times it is necessary to send money by telegram. This method is very expensive, and for this reason it is used only in case of great necessity. Comparatively few of the telegraph offices in the United States are money order offices. The charge is 1 per cent of the amount, plus twice the toll of a single fifteen-word message between the two places.

83. Registered Packages. The United States Government, through its mail department, registers letters and packages of all descriptions for the trifling sum of 10 cents above the regular postage. Money is oftentimes sent by this method, but the registration carries only a fifty-dollar guaranty that it will be delivered. Much currency and valuable paper is, however, sent through the registered mail, the package being often insured in an insurance company. Every post office through which it passes must keep track of it, and should the package be stolen, the post office officials will make a strong effort to discover the thief. The name and address of the sender must be given on the outside of the envelope or wrapper of all registered articles. All letters sent through the mails should bear the name of the sender, so that they may be returned to the writer if necessary. All post offices are register offices, and money is sent by registered mail usually from such offices as are not money order offices or such towns as do not have express offices.

84. Coin or Bullion by Express. By far the safest method of sending actual coin, currency, or bullion from one place to another is by express. The money is placed in an envelope by the shipper and is not counted by the express companies. They simply guarantee the safe delivery of the package. The cost of shipping money by this method varies with the amount sent and the distance traveled. Large shippers of money secure a special rate from the company. The United States is given the very low rate of 15 cents for every $1,000 in currency, but as large amounts are carried the business is profitable. Express companies have occasionally carried as much as $16,000,000 at one time between Washington and New York.

85. **Letters of Credit.** Many persons visit foreign countries each year for pleasure or for the purpose of buying goods or live stock, or of doing other kinds of business. They do not wish to carry the amount of money with them which they may need, for it would be both inconvenient and unsafe; therefore, they take with them either letters of credit or bills of exchange.

A *letter of credit* is a letter issued by a bank, in which the writer authorizes the person addressed to pay a certain sum of money to the bearer. The bearer must be fully identified and comply strictly with all the conditions of the letter before he can receive the money.

On the paper called the letter of credit is printed a list of the correspondents of the issuing bank, and the buyer of the letter can secure all or any part of the value at any of the banks mentioned. These banks are located in the principal cities of one or various foreign countries. If the traveler wishes, he may have the letter made out payable in the money of any of the countries. If in England, it would be payable in pounds; if in France, in francs; if in Germany, in marks. When the traveler receives the letter of credit, he signs his name on its face and also gives the issuing banker various other signatures, which are forwarded to the correspondent banks. The signature of the holder in the presence of the banker will then serve as an identification. As various sums are drawn, the amounts are entered on the back of the letter, thus enabling the correspondent banker to see readily how much is due the holder. When the last of the money is drawn, the letter is taken up, canceled, and returned to the issuing bank. This letter of credit answers the same purpose as a bank draft. Should it be lost, the issuing and correspondent banks should be immediately notified.

Example: Suppose Mr. Henry Thompson of Chicago wishes a letter of credit to the amount of $5,000, on some banking house in Leipzig, Germany. He may go to one of the banks in his city and leave as security money or bonds or other articles of value, and the bank will then issue to him a letter of credit. The money expressed in the letter of credit would be in marks, as that is the unit of value of German money. The value of a mark is equal to about 23.8 cents of United States money, and $5,000 would be equal to a little more than 21,000 marks. The letter of credit would read as follows:

Form XCV.

LETTER OF CREDIT

CHICAGO, ILL., June 28, 1896.

MESSRS. KNAUTH, NACHOD & KÜHNE,
Leipzig, Germany.

GENTLEMEN: We take pleasure in introducing to you Mr. Henry Thompson, who purposes visiting Germany and France, and desires us to open a credit with you for him for twenty-one thousand marks. You will please honor his drafts to an amount not exceeding the above-named sum, and charge the same to us, with advice.

The signature of Mr. Thompson accompanies this.

Yours very respectfully,

BROWN & WILSON.

[Signature of Henry Thompson.]

Messrs. Brown & Wilson also send to the banking house of Knauth, Nachod & Kühne, by mail, a letter similar to the form given below, notifying them that they have issued to Mr. Thompson a letter of credit to the amount of 21,000 marks, and giving them a description of him. If the letter of credit is not accepted by the person to whom it is addressed, the writer of the letter should at once be notified.

Form XCVI.

LETTER SENT BY MAIL

CHICAGO, ILL., June 28, 1896.

MESSRS. KNAUTH, NACHOD & KÜHNE,
Leipzig, Germany.

GENTLEMEN: We have to-day granted a letter of credit on your house (as per enclosed duplicate) to Mr. Henry Thompson, for 21,000 marks. Mr. Thompson is forty-five years of age, five feet nine inches tall, has a light complexion, with light hair and blue eyes.

Yours very truly,
BROWN & WILSON.

Mr. Thompson, having his letter of credit, needs to take only enough money for his journey to Leipzig. Arriving in that city, he may draw from the banking house of Knauth, Nachod & Kühne any amount not exceeding 21,000 marks. They will run no risk, because they have the letter from the bank in Chicago giving a description of Mr. Thompson, and also agreeing to be responsible for any amount Mr. Thompson may draw not exceeding 21,000 marks. Mr. Thompson could have taken a bill of exchange, but when he wished to have it cashed at some banking house in Germany he would need to be identified, and if he had no acquaintances there, it would be difficult to get some one to do this. The letter written by the bank giving a complete description of him enables him to establish his identity to the banking house of Knauth, Nachod & Kühne.

However, people may purchase bills of exchange (see § 87) to take with them when traveling in foreign countries. Sometimes they take bank drafts on some bank in New York. These drafts may be cashed at any banking house in Europe by paying a small amount for exchange and by being properly identified.

86. Travelers' Checks. *Travelers' checks* are now issued by express companies and by the American Bankers Association. These are largely taking the place of letters of credit, bills of exchange, and bank drafts. When these checks are

Form XCVII.

Travelers' Checks

purchased the purchaser signs his name on the check, and when the check is cashed he again places his name on it, which establishes his identity.

These checks may be had in any quantity and in the denominations of $10, $20, $50, and $100 (express companies

issue a check for $200) with the exact amount of foreign money paid therefor in the principal countries of Europe printed on each check. As these checks may be cashed in any of the principal cities of the world, they afford a very convenient and safe form of travelers' credit.

Form XCVIII.

No. 1346 CHICAGO, ILL., *Oct. 21,* 1901

MARKS, *1875.85*

Thirty days AFTER DATE (DUPLICATE UNPAID) PAY TO THE ORDER OF *Knauth, Nachod & Kühne,*

One thousand eight hundred and seventy-five and $\frac{85}{100}$ MARKS, VALUE RECEIVED, AND CHARGE THE SAME TO OUR ACCOUNT.

To Heine & Co.
Leipzig, Germany.

James H. Wilson & Co.

A Foreign Draft — the Original

No. 1346 CHICAGO, ILL., *Oct. 21,* 1901

MARKS, *1875.85*

Thirty days AFTER DATE (ORIGINAL UNPAID) PAY TO THE ORDER OF *Knauth, Nachod & Kühne,*

One thousand eight hundred and seventy-five and $\frac{85}{100}$ MARKS, VALUE RECEIVED, AND CHARGE THE SAME TO OUR ACCOUNT.

To Heine & Co.
Leipzig, Germany.

James H. Wilson & Co.

The Duplicate of the above Foreign Draft

87. Bills of Exchange. A draft drawn by one bank on another in its own country is sometimes called an *inland bill of exchange.* If it is drawn upon a bank in another country it is called a *foreign bill of exchange.*

Foreign bills of exchange were formerly drawn in sets of two or three and were sent by different mails, so that if one should get lost the other would probably reach its destination and thereby save any unnecessary delay and annoyance; for the person in whose favor the bill of exchange was drawn could get the one that reached him first cashed at once.

Drafts drawn on private individuals or on business firms in foreign countries were also drawn in duplicate, and this method is still used to some extent, especially if the draft is for payment of goods, and is attached to a bill of lading; for, if a single draft be drawn and is lost, the consignee could not get his goods until a duplicate could be obtained. It has become customary for banks in nearly all cases to issue foreign bills of exchange singly.

Questions and Exercises on Chapter VI.

1. What is meant by first-class mail matter?

2. What is second-class mail matter?

3. Name some articles which are third-class mail matter; fourth-class.

4. How much would it cost to send by mail a package of merchandise weighing six ounces?

5. Name some articles which cannot be sent by mail.

6. How much would it cost to send a letter from Chicago, Ill., to London, England? How much to send a letter from Detroit, Mich., to Mexico?

7. What is the limit of weight for third-class matter?

8. What is a post office money order?

9. Do all post offices issue money orders?

10. For how large an amount may a post office money order be purchased?

11. What is the cost of having a letter or package registered?

12. What is a letter of credit?

13. What is a domestic bill of exchange?

14. What is a foreign bill of exchange?

15. Is a letter of credit more convenient for a person traveling in Europe, and if so, why?

16. Why are foreign bills of exchange usually drawn in sets of two or three?

General Review Exercises

1. J S. Harwood is owing you $125 on account, which is past due. He sends you a check for $75.00 in part payment, and asks for more time in which to pay the balance. Write a letter thanking him for the remittance, and also grant his request for more time for payment of the balance, but stipulate when the money shall be paid.

2. You receive a letter from H. B. Miller & Co. of Rockford, Iowa, claiming that the goods you sent them in your last shipment were of inferior quality, and asking for a rebate of $25.00. Write their letter.

3. Write a polite reply to their letter, declining to allow them a rebate, and tell them why.

4. What is the object in post-dating a check?

5. Why is it better to have a check drawn payable to the "order" of the payee than to "bearer"?

6. If a person has a check which he does not wish to use for some days, why is it better to have it certified?

7. What is a restrictive indorsement?

8. What is meant by the term "joint makers"?

9. What does the expression "without recourse" mean?

10. Of what use are drafts?

11. Explain how collections are made by drafts.

12. If a draft is drawn by one person upon another who is in his debt, is the drawee obliged to accept the draft?

13. If he did not accept it, what object would there be in having it protested?

14. What is an accommodation note?

15. What is the object in signing as an accommodation party?

16. When is a note said to be outlawed?

CHAPTER VII.

PETITIONS, POWER OF ATTORNEY, COMMERCIAL AGENCIES, MISCELLANEOUS

88. Forms of Petitions. Most people, whether living in a city, town, or in the country, sometimes have occasion to petition those in authority for some improvement which they wish to have made, or the abatement of some nuisance, or for the granting of some favor, or the enactment of some law. While it is a very simple matter to write a petition, those who have had but little experience in matters of this kind may find the following forms of assistance:

Form XCIX.

PETITION FOR OPENING A STREET

To the Mayor and Aldermen of the City of Burlington, in Common Council assembled:

GENTLEMEN: The undersigned respectfully solicit your honorable body to open and extend Walnut Street, which now terminates at Adams Street, through blocks Nos. 10 and 12 in Hall's Addition, to Benton Street, thereby making Walnut Street a nearly straight and continuous street for two miles, and greatly accommodating the people in that portion of the city.

(Here insert city, state, and date.)

(Signed by two hundred taxpayers, more or less.)

Form C.

PETITION TO SCHOOL BOARD

To the Honorable Members of the Board of Education of the City of Racine:

GENTLEMEN: We, the undersigned citizens of the city of Racine, are personally acquainted with Mr. John Wood of this city, and know him to be an industrious and reliable man who we believe would fill the position of janitor of our High School building in a very satisfactory manner. As he is desirous of obtaining this position, we respectfully petition your honorable body to appoint him to fill the place.

(Here insert city, state, and date.)

Form CI.

PETITION TO A GOVERNOR

To His Excellency....., the Governor of the State of.....:

The petition of the subscribers, citizens of ....., in the County of ....., State of ....., respectfully shows that, etc. (as in the above forms).

89. Heading for a Subscription Paper. It is a very simple matter to arrange the heading for a subscription paper, but for one who has had no experience in such matters, the following form may be of assistance:

Form CII.

We, the undersigned, hereby subscribe and agree to pay the amount set opposite our respective names to William Wood, for the purpose of defraying the expenses of a Street Fair to be held in the city of....., October 4th, 5th, and 6th, 1901.

Name.	*Amount.*	*Name.*	*Amount.*

NOTE.—The writing should be very plain and the wording as brief as possible to explain fully the object for which the money is subscribed.

90. Proxy. A *proxy* is a writing by which one person authorizes another to vote in his place.

Form CIII.

KNOW ALL MEN BY THESE PRESENTS, That *I, Hiram S. Cole* of ----------, do hereby appoint *George W. Woodworth* of ----------, *my* attorney for *me* in *my* stead, to vote as *my* proxy, at a certain election of directors of the ----------Company, to be held on the ---- day of--------, 1902, according to the number of votes *I* should be entitled to cast if personally present.

Witness *my* hand and seal this *first* day of *November, 1902.*

HIRAM S. COLE.

91. Power of Attorney. It is sometimes necessary for a firm or an individual doing a large business to employ others to act as collectors or agents, and they are frequently required to transact business a long distance from the home office, where it may be necessary for the agent to sign a deed or execute a mortgage. In such cases the agent is given what is termed a *power of attorney,* which permits him to exercise the same authority as the principal would have.

Form CIV.

KNOW ALL MEN BY THESE PRESENTS, That *I, Charles W. Carson* of *Jackson,* in the County of *Jackson* and State of *Michigan,* have made, constituted, and appointed, and by these presents do make, constitute, and appoint *Glen W. Rogers* of *Salem,* County of *Marion* and State of *Illinois,* a true and lawful attorney for *me,* and in *my* name, place, and stead, and in *my* behalf, to [here insert the things which the attorney is to do], hereby giving and granting unto *my* said attorney full power and authority in the premises to do and perform all such acts, matters, and things as *my* said attorney shall deem necessary and expedient for the completion of the authority hereby given, as fully as *I* might or could do if personally present, hereby ratifying and confirming all that my said attorney shall lawfully do or cause to be done by virtue hereof.

In witness whereof, *I* have hereunto set *my* hand and seal, this *third* day of *June,* in the year of our Lord *one thousand eight hundred and ninety-seven.*

Signed and sealed in the presence of } ----------}

CHARLES W. CARSON. [SEAL.]

Form CV.

REVOCATION OF POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That whereas, *I, John E. Smith*, in and by *my* letter of attorney bearing date *August 4, 1897*, did make, constitute, and appoint *Samuel Jones my* attorney, as by the said letter of attorney will more fully and at large appear:

Now know ye, that *I*, the said *John E. Smith*, have revoked, countermanded, and made void, and by these presents do revoke, countermand, and make void, the said letter of attorney above mentioned, and all power and authority thereby given or intended to be given to the said *Samuel Jones*.

In witness whereof, *I* have hereunto set *my* hand and seal this *3d* day of *December, 1897*.

In the presence of
John Jones,
George Wilson.

JOHN E. SMITH.
[SEAL.]

If power is given to convey lands, the same regulations regarding its acknowledgment by husband and wife are required as would be required in a deed, and as a general rule a power of attorney should be acknowledged before a notary public.

92. Commercial Agencies. The two largest commercial or mercantile agencies in this country are Dun & Co.'s and Bradstreet's. These firms publish reports of the credit or financial standing of men in all lines of business. They get their information from their agents, who are located in all parts of the country, and from various other sources. The service has been so much improved of late years that the information which they furnish is of great assistance to the business man who gives credit to his customers.

Example: Suppose Mr. John Smith, who lives in Smithtown, should order a bill of goods from some firm which has no business acquaintance with Mr. Smith and which has no knowledge of his financial standing. It would be quite necessary that the firm of whom he ordered the goods should get some information as to

Mr. Smith's ability to pay, before giving him much credit. This information they may get from Dun & Co.'s or Bradstreet's commercial reports. If they do not get the desired information from these commercial reports, they can get a special report by applying for it at the offices of these agencies.

The information which these commercial agencies furnish is obtained by their agents, from individuals, and by consulting the tax lists, deed, mortgage, and judgment records, etc., and this information may generally be relied upon. The expense to subscribers is small in comparison with the benefit which they derive from the reference books and the reports of the agencies. If a business man in any part of the country places a mortgage upon his goods or becomes bankrupt, the subscribers of these commercial agencies are notified by the reports which the agencies publish.

Form CVI.

INSIDE COVER OF REFERENCE BOOK

This book is the property of the Commercial Agency.

It is loaned to subscribers under a certain specific agreement, and is to be returned as per conditions of the agreement under which it is loaned.

Form CVII.

KEY

The omission of a rating is not intended to reflect upon a party's credit. It simply implies that we have not the information upon which to base a rating.

ESTIMATED WEALTH				GRADES OF CREDIT		
				1st	2d	3d
G	$1,000,000	and above.		Aa	A	B
H	500,000	to	$1,000,000			
J	400,000	to	500,000	A	B	C
K	300,000	to	400,000			
L	250,000	to	300,000			
M	200,000	to	250,000			
N	150,000	to	200,000			
O	100,000	to	150,000	B	C	D
P	75,000	to	100,000			
Q	50,000	to	75,000			
R	35,000	to	50,000			
S	20,000	to	35,000	C	D	E
T	10,000	to	20,000			
U	5,000	to	10,000			
V	3,000	to	5,000	D	E	
W	2,000	to	3,000			
X	1,000	to	2,000			
Y	500	to	1,000	E		
Z	0	to	500			

The division sign (÷) indicates more than one business.

93. Reference Books of Commercial Agencies. The commercial agencies publish *reference books* quarterly, in January, March, July, and September of each year. They also publish *notification sheets*, which appear more frequently; some of them weekly and some monthly. These notification sheets

record the names of new firms, changes in old ones, fires, failures, judgments, etc.

The forms below will show how the pages of the reference books and the notification sheets are made up, and the nature of the information:

Form CVIII.

PART OF PAGE OF STATE REFERENCE BOOK

KANSAS

DRURY, [S. E. C.] **Sumner.**
40
On Kansas Southwestern R. R.—Pop. 11 *—Tel.*, *, *Ex. and* ‡ *South Haven,* 5½ *miles.*
McDougall Edward.....Gen. Store W E
Raypholtz William.....Miller T C

DRYWOOD, [S. E.] **Crawford.**
40
Six and one-half miles from Pawnee Station—Pop. 12*—Tel. and Ex. Pawnee Station—* Cato,* 1½ *miles—‡ Arcadia,* 8 *miles.*
Beebe E. C.....Blacksmith
Coonrod Bros.....Gen. Store X D
Washburn J. E.....Grocer Z E

DUBUQUE, [C.] **Russell.**
40
Eleven miles from Dorrance—Pop. 20*—Tel., * and Ex. Dorrance—‡ Wilson,* 18 *miles.*
Weber N.....Gen. Store + S C

DUN, [S. E.] **Wilson.**
40
On Kansas Division St. Louis & San Francisco R. R.—Pop. 88*—Tel.*, *, *Ex. and* ‡ *Neodesha,* 5 *miles.*
Adell C. S.....Gen. Store
Browning V. L.....Mill E

DUNAVANT, [N. E. C.] **Jefferson.**
40
On Kansas City & Northwestern R. R.—Pop. 50*—Tel.—*—Pacific Ex.—‡ Winchester,* 5 *miles.*
Becker Charles.....Hardware, &c X D
Becker Henry & Co.....Lumber V D
Jacquemin C. N. & Co.....Gen. Store T C

EDSON [N. W.] **Sherman.**
40
On Chicago, Rock Island & Pacific R. R.—Pop. 15*—Tel.*, *, *Ex. and* ‡ *Goodland,* 9 *miles.*
Day A.....Gen. Store W D

Form CIX.

PART OF A NOTIFICATION SHEET SHOWING CORRECTIONS AND CHANGES

MISSOURI

Anabel—Overstreet G. W..G. S .....Sold out
Ash Grove—Rose & Co..D. G. &c..... Cannon & Strader succeed
Auxvasse—Adams Bros..G. S.....A. C. Adams deceased
Boonville—Eppstein & Hain..G. S.....Veit Eppstein deceased
Carthage—Carp H..D. G. &c.....Moved to Joplin
Head & Baird...Blksths.....Dissolved
Cassville—Marbut T. A..Gro.....Selling out
Clarksville—Nicklin W. P. & Co..Drugs.... W. P. Nicklin succeeds
Clinton—Wright-Austin Candy Co.....Dissolved
Commerce—Ireland A. N..G. S..... Sold to B. C. Moore
Hannibal—Bowles & Traynor..Clo.&c..J. J. Bowles suc'ds
Harrisonville—Frazier J. A..Gro..... Bill of sale $350

94. Legal Tender. That kind of money which has been declared by law to be suitable to offer for the payment of a debt is called *legal tender.*

Under the United States Statutes, legal tender is as follows: Gold coin is legal tender at its nominal or face value for all debts, public and private, when not below the standard weight and limit of tolerance prescribed by law; and when below such standard and limit of tolerance it is legal tender in proportion to its weight. Standard silver dollars are legal tender at their nominal or face value in payment of all debts, public and private, except where otherwise expressly stipulated in the contract. Subsidiary silver is legal tender for amounts not exceeding $10 in any one payment. The minor coins of nickel and copper are legal tender to the extent of 25 cents. Treasury notes of the act of July 14, 1890, are legal tender for all debts, public and private, except where

otherwise expressly stipulated in the contract. United States notes are legal tender for all debts, public and private, except duties on imports and interest on the public debt.

Gold certificates and silver certificates are receivable for all public dues. National-bank notes are receivable for all public dues except duties on imports, and may be paid out by the Government for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt and in redemption of the national currency.

95. How to Make Change. The most convenient and accurate way to make change is by addition.

Example: If you buy something that costs $3.37 and in payment hand the salesman a five-dollar bill, he would not subtract $3.37 from $5.00 to find out how much change you should receive. He would first get 3 cents from the money drawer and add it to the amount of your bill, $3.37, making $3.40; then perhaps he would add a dime to the $3.40, making $3.50; then 50 cents, making $4.00; then $1.00 more, making in all $5.00.

The salesman does not know, perhaps, just how much change he gave you, nor is it necessary that he should know, if the money you receive, added to the amount of your purchase, equals the amount of the bill which you handed to him. In counting your change, add just as the salesman did and you will find it a more convenient method than subtracting.

96. Marking Goods. Merchants have various ways for marking goods so that the cost price may be known to the salesman only. Many use a word or a combination of words containing ten different letters, each letter representing a single figure.

Example: For illustration, let us take the word

P U R C H A S I N G
1 2 3 4 5 6 7 8 9 0

as a marking key.

Now if the cost of an article be $2.75 the mark would be USH and if the cost be $3.50 the mark would be RHG.

Sometimes an extra letter called a repeater is used to prevent repetition. For example, we will use X for the repeater. Now if the cost of an article be $2.55, instead of marking it UHH the mark would be UHX.

Below are a few words and phrases which may be used as marking keys:

Authorized	Previously
Importance	Sent by mail
Parchments	Cash profit
Now be quick	Hard moneys

97. Suggestions for Pen-Lettering and Brush-Marking. Everyone should learn how to mark neatly and plainly, with pen or brush, packages, boxes, and bulletins; and this is something which may be so easily learned that any person, by a little practice, can do the work as well as the copies given on page 142, which are taken from actual work.

1. Care should be taken to have the letters slant well back to the left and to have the heaviest part of the down stroke come just on the line.

2. A very good way to mark packages and small signs is to use a flexible steel pen. Until one has learned the forms of the letters, a pen is much better to practice with than a brush. The ability to make a nice sign comes from practice, but by practice almost anyone may learn to do good work.

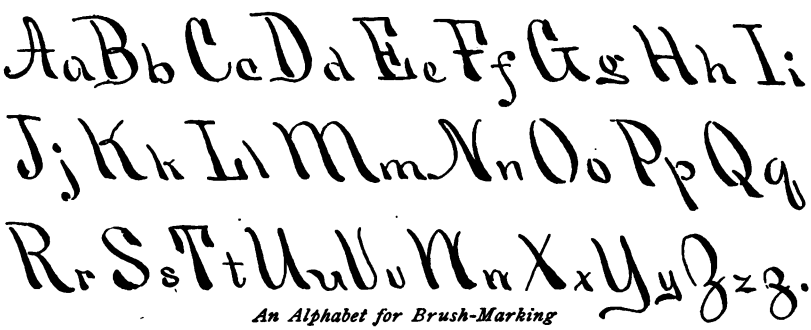
3. If a brush is used, get a good one of red sable, with

long hair, No. 6 or 8. Then get a can of Ivory black paint, Distemper color of any good brand, ground in water.

4. If you do not wish to expose a sign to the rain, water colors are much better than oil, for they are cleaner and cheaper, and the brushes and hands may be washed clean, with water, in a moment.

5. Put a small quantity of the Ivory black in a separate cup or pot and thin it down with water to about the consistency of writing ink. A little mucilage should be added to

Form CX.



An Alphabet for Brush-Marking

the paint to prevent it from rubbing off, and if you wish it to dry quickly, add a little alcohol.

6. Do not get enough paint on the brush so that it will drip. Get some old pieces of paper or cardboard, take your brush between the thumb and index finger and you are ready to begin.

7. The hand may be steadied by letting the little finger rest lightly on the card or desk.

By following these suggestions and the copies given above, any one may soon learn to make a good plain sign or to mark a box or package very well.

Questions and Exercises on Chapter VII.

1. What is a petition?

2. Draw up a petition addressed to the proper authorities, asking that a street lamp be placed on the corner near your house.

3. Write a petition asking that a night watch be appointed for that part of the city in which you live.

4. Mr. Charles Wood wishes to be appointed postmaster of the town in which he lives, and he asks you to write a petition which he may have signed by his friends and neighbors who approve of his appointment. Write his petition.

5. Write a suitable heading for a subscription paper for raising money with which to purchase a piano for the public school in your town.

6. Write a suitable heading for a subscription paper for the purpose of raising funds for defraying the expenses of an appropriate celebration on the Fourth of July in your city.

7. What is a power of attorney?

8. How may a power of attorney be revoked?

9. Is it necessary to have a power of attorney acknowledged before a notary? Are any witnesses required?

10. Could a mortgage be executed by a power of attorney which would be legal?

11. Name two of the leading commercial agencies in the United States.

12. Of what use are these agencies to business men?

13. May the information which they furnish be relied upon?

14. How do they get their information regarding the business standing of individuals and firms doing business in various parts of the country?

15. Your store, No. 430 State Street, is rented to J. W. Simpson, who pays you $27.50 for one month's rent. Write a receipt for the amount paid.

16. Write a due bill for the balance of your account, due S. N. Howe, $25.65, payable in goods from your store.

17. Write an order on C. H. Groves & Co., dealers in clothing, in favor of your hired man, William Smith, for $28.25.

18. You buy a horse of L. W. Rowley for $135 and give him your note at sixty days in payment. Write the note, making it to draw interest at 6 per cent from date. At the end of the sixty days you figure up the amount due and give him a check on the First National Bank for the amount. Write the check, making it payable to "order." Ten days after, Mr. Rowley notifies you that he has lost the check and asks you to give him a duplicate check. Write the duplicate check.

19. H. W. Peters, who lives at Manistee, Mich., owes you $145.35. Draw a sight draft on him for the amount and notify him that you have drawn on him.

20. R. B. Thompson buys a bill of goods of you amounting to $345.75 and gives you in payment a check on the First National Bank. Write the check and ask him to have it certified. Write the certification in its proper place on the check. You sell the check to Howe & Powers and indorse it over to them. Write the indorsement.

21. You owe Johnson Bros., grocers, Chicago, $125.45, and they draw a draft on you for the amount, at sight. Accept the draft when presented. When will the draft be due? The exchange on the draft is 25 cents. Write a check on the City National Bank for the whole amount of draft and exchange.

22. You ship to D. W. Kingsley, Michigan City, Ind., 13,500 feet of lumber at $14.50 per 1,000 feet, and they ask for

a rebate of $15.00 on account of the poor quality of some of the lumber. Make out a credit memorandum for them.

23. You ship to Packard & Jones, Chicago, to be sold on commission:

42 bbls. Baldwin apples.
35 " greenings.
10 " pears.

Make out the shipping invoice.

24. You ship to G. H. Woodham & Sons, Toronto, Canada

23 bbls. Baldwin apples, @ $3.25
50 " Wagner " @ 3.00
400 baskets grapes, @ .15

What invoices and other papers are necessary?

They send you a New York draft in payment, and by mistake they have the initials of your name wrong. How can you get the money on the draft?

General Review Exercises

1. How should a letter be addressed to the President of the United States?

2. How should a letter be addressed to the Lieutenant-Governor of your state?

3. You wish to write a letter to the president of a college. Show how the heading should be arranged, including the address and salutation, and the proper punctuation.

4. Show how a billhead should be arranged for a quantity of goods which you sell to S. R. Woodbridge.

5. You work in the office of Culver & Smith three days and two hours at $2.25 per day. Make out your bill for same.

6. J. C. Fillmore owes you for twelve cords of wood at

$2.20 per cord. Make out your bill. You sell the account to H. M. Powers. Write the assignment of the account.

7. You send a shipment of goods to G. W. Haywood, Cedar Rapids, Iowa, and mail him an invoice of same. At the expiration of ten days he writes you that no invoice has been received. What should you do?

8. How is a check certified?

9. What is a stub of a check, and of what use is it?

10. If a person holds a certificate of deposit for $100 on the First National Bank and wishes to use $50.00 of the amount, how can he get the money?

11. What is the difference between a promissory note and a bill of exchange?

12. When may commercial paper be transferred without any indorsement?

13. Is there any difference between a bank draft and a domestic bill of exchange?

14. What is a post office money order?

15. Are post office money orders more convenient for making remittances than bank drafts?

16. Why are post office money orders used in some cases in preference to bank drafts?

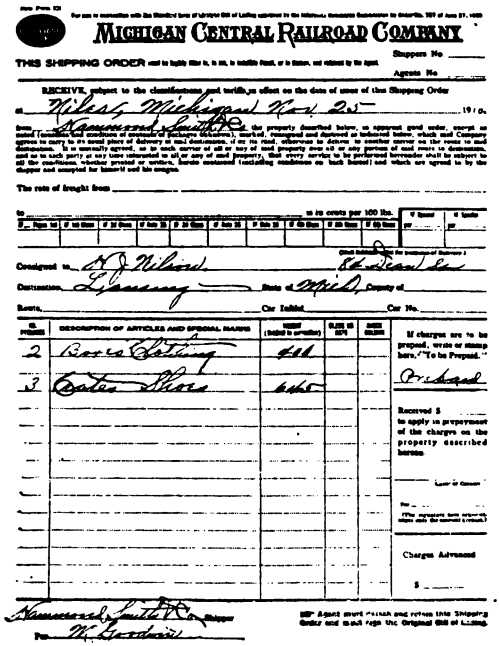
17. What is the maximum amount for post office money orders?

CHAPTER VIII.

RAILROAD AND EXPRESS BUSINESS

98. Shipping Orders and Bills of Lading. When goods are shipped by railroad or by steamboat, the person shipping the goods, who is called the *consignor*, fills out a *shipping order*, which is a written statement of the goods shipped, conditions of shipment, etc.

Form CXI.



MICHIGAN CENTRAL RAILROAD COMPANY

THIS SHIPPING ORDER

Shippers No.

Agents No.

RECEIVE, subject to the classifications and tariffs in effect on the date of issue of this Shipping Order

at Niles, Michigan Nov 25 1910.

from Hammond Smith & Co. the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The rate of freight from

to as in cents per 100 lbs.

If Prepaid	If Collect
per	per

Consigned to W J Wilson Ft Dearborn

Destination Downing State of Mich. County of

Route Car Initial Car No.

No. Packages	DESCRIPTION OF ARTICLES AND SPECIAL MARKS	WEIGHT (Subject to correction)	CLASS OR RATE	CHECK COLUMN
2	Boxes Clothing	648		
3	Crates Shoes	1460		

If charges are to be prepaid, write or stamp here, "To be Prepaid."

Prepaid

Received $ to apply in prepayment of the charges on the property described hereon.

Agent or Cashier

Per

(The signature here acknowledges only the amount prepaid.)

Charges Advanced

$

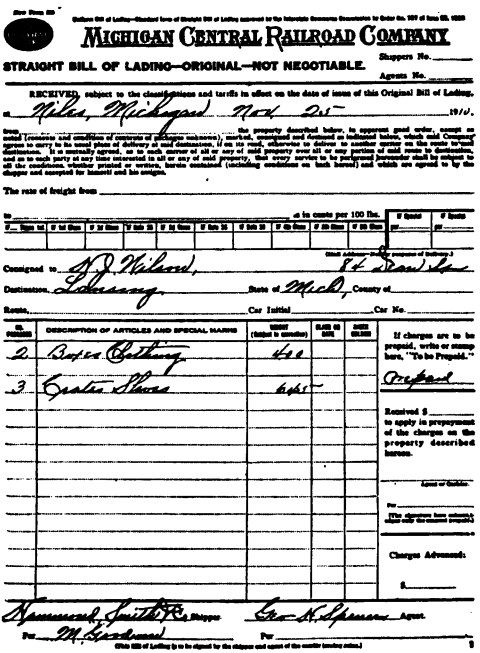
Hammond Smith & Co. Shipper

Per W. Goodwin

NOTE—Agent must furnish and retain this Shipping Order and must sign the Original Bill of Lading.

A Shipping Order

Form CXII.



MICHIGAN CENTRAL RAILROAD COMPANY.

STRAIGHT BILL OF LADING—ORIGINAL—NOT NEGOTIABLE.

Shippers No.

Agents No.

RECEIVED, subject to the classifications and tariffs in effect on the date of issue of this Original Bill of Lading,

at Niles, Michigan Nov 21 1910.

From the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Company agrees to carry to the usual place of delivery at said Destination, if on its road, otherwise to deliver to another carrier on the route to said Destination. It is agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The rate of freight from

No.	Description of Articles and Special Marks	Weight (Subject to Correction)	Class or Rate	Check Column	If charges are to be prepaid, write or stamp here, "To be Prepaid."
2	Boys Clothing	400			Prepaid
3	Boots Shoes	650			

Received $ to apply in prepayment of the charges on the property described hereon.

Agent or Cashier.

Per

The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding

Charges Advanced:

$

Consigned to W. J. Wilson, Ft Dearborn

Destination Lansing, State of Mich, County of

Route, Car Initial, Car No.

Samuel Smith & Co Shipper. Per M. Goodman

Geo. N. Spencer Agent. Per

A Bill of Lading

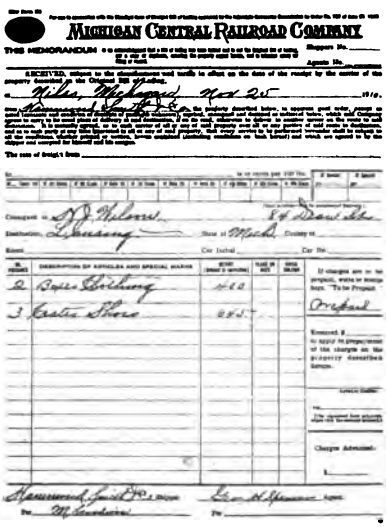
Form CXI. shows how a railroad shipping order should be filled out. At the same time a shipping order is made, a bill of lading and a memorandum of same are also made. (See Forms CXI., CXII., CXIII.) The shipping order, the bill of lading, and memorandum are much alike, but the heading of each is different.

The shipping order is signed by the consignor and is for the use of the railroad agent. The bill of lading is signed by the railroad agent and is for the consignor, it being his

receipt for the goods which he has left with the railroad company for shipment. As a rule the consignor sends his copy of the bill of lading to the *consignee*, who is the person to whom the goods are shipped. When the consignee receives his bill of lading of goods shipped to him, he has something to show that the goods are his and that they should be delivered to him.

The memorandum is an acknowledgment that a bill of lading has been issued; it is usually retained by the shipper and filed by him for record.

Form CXIII.



MICHIGAN CENTRAL RAILROAD COMPANY

THIS MEMORANDUM

Form of Railroad Memorandum

99. Railroad Expense Bills. The cost for freight on goods shipped from one place to another by railroad is not paid until the goods reach their destination; then the

railroad agent where the goods are delivered to the consignee makes out what is called an *expense bill*, showing all the statement of transportation charges. Two copies of this bill are made, one of which is signed by the consignee to show that he has received the goods. This copy the railroad agent keeps. The other is signed by the railroad agent and is retained by the consignee as a receipt for the money which he paid for freight on the goods.

Form CXIV. shows an ordinary railroad expense bill.

Form CXIV.

FREIGHT BILL.

CONSIGNEE W. H. Morton, CHICAGO STATION Aug. 9, 190 2

DESTINATION Chicago, Ills. VIA

To Chicago, Burlington & Quincy Railway Co., Dr.

PRO 19732 FOR CHARGES ON ARTICLES WAYBILLED FROM Aurora, Ills. VIA

WAYBILL REFERENCE DATE	WAYBILL REFERENCE NUMBER	CAR INITIALS AND NUMBER	CONSIGNOR	ORIGINAL POINT OF SHIPMENT	ORIGINAL CAR
Aug 4	9269	M. C. 6419	W. Stanley		

NO. OF PKGS	ARTICLES AND MARKS	WEIGHT	RATE	FREIGHT	ADVANCES	TOTAL
4	Boxes Dry Goods	950	23	2 19		

CONNECTING LINE REFERENCE

ORIGINAL WAYBILL NUMBER

RECEIVED PAYMENT H. E. Storey AGENT

PER M. A. Wood CASHIER

Aug. 14 190 2

DRAYAGE

TOTAL TO COLLECT 2 19

All carloads shall be subject to a minimum charge for wharfage and rental of $1.00 per car for each 24 hours detention, or fractional part thereof, after the expiration of 48 hours from arrival at destination. Original Paid Freight Bills should accompany all Claims for Overcharge, Loss or Damage.

Form of Railroad Expense Bill or Freight Bill

100. Manifest of Articles Exported from the United States. When goods are shipped by railway for exportation from the United States to any foreign country, it is necessary for

the shipper to make out what is called a *manifest*, which he delivers to the freight agent with the regular shipping receipt. Blank manifests may be obtained from any railroad company.

The manifest is a statement showing what goods are shipped, and their value, and it is for the use of the custom house officers. (See Form CXV.)

When goods are shipped by express for export, the shipper delivers to the express agent a copy of the invoice, showing the kind and value of the goods shipped, and to this the manifest is attached.

Form CXV.

MICHIGAN CENTRAL RAILROAD Co.

OWNER'S OR AGENT'S MANIFEST OF ARTICLES EXPORTED BY RAILWAY

List or manifest of articles of domestic production or manufacture, and of foreign articles, free of duty or duty paid, delivered by W. N. Morgan (Name of Owner or Agent.) to the MICHIGAN CENTRAL RAILROAD COMPANY, Michigan City Ind. (Station) Agent for exportation to Toronto Canada (Place of intended destination in foreign country.) via Detroit (Name of last port in the U. S. whence the articles pass into foreign country)

MARKS AND NUMBERS OF PACKAGES.	DESCRIPTION OF ARTICLES.	DOMESTIC ARTICLES.		Foreign Articles Free of Duty or Duty Paid.	
		Quantities.	Values.	Quantities.	Values.
American Drug Co. Toronto, Canada	3 Cases Essential Oil		$375.00		

I, W. N. Morgan (Name of Owner, Shipper or Consignee) hereby certify that the above is a full and true statement of the kinds, quantities and values, and destination of all the articles delivered by me for exportation as aforesaid:

Residence Michigan City Date Mar. 21st, 1901 W. N. Morgan Owner or Agent

A Railroad Manifest

101. Sending Goods by Express. When goods are shipped by express the package should be plainly marked, not only with the name and address of the person to whom the goods are shipped, but also with the name and address of the shipper. Observance of this rule would save much trouble and annoyance to those who receive many packages by express, for it frequently occurs that the consignee is unable to determine who is the rightful owner of packages which come to him, even if he receives a letter stating that a package has been sent.

Express agents will always give a receipt for the packages taken into their charge if requested to do so, and the shipper should always get such a receipt, for it may be of particular value if a package should be damaged, delayed, or lost on the way. Express companies are always responsible for losses caused by carelessness of their agents. The sender should place his name on the outside of the express package; then if the person for whom the goods are intended cannot be found, the express company will promptly notify the sender.

The receiver of an express parcel is obliged to sign a receipt when he takes the parcel from the express company's agent. If any other person than the one addressed receives the package, he should first sign the name of the proper consignee, and just below that, his own name.

If the goods are perishable articles, like fruit or flowers, the package should be marked "Perishable," so as to show the need of haste in forwarding; and if the package contains glass or articles which may be easily broken, it should be marked "Glass" or "Handle with Care."

Generally the charges may be prepaid or not, as the sender prefers. Charges vary according to the character, weight, and value of the goods sent and the distance traveled, the statement of the sender as to the value being accepted.

102. Collections by Express Companies. Nearly all of the express companies now have arrangements by which they undertake the collection of accounts or notes, at any place on their line where they have an agent. The expense of collection in this way is small, and the collections are attended to promptly. If the collection cannot be made, notice will be given promptly, with reasons for refusal.

Form CXVI.

Form No. 152. ADAMS EXPRESS COMPANY. Number

$47 75 For Collection. June 9 1902

On George W. Thompson Sheldon, Iowa. For account of Smith and Hill No. 469 E. Water St. Milwaukee, Wis.

If the enclosed be a Note, Draft or Check, and is not paid at maturity, it should be returned at once to the office from which it was received. If a simple BILL TO COLLECT, the Agent will present the same promptly, and if not paid, report the same, with reasons, to the office from which it was received, and after a reasonable time, return it if not collectable. Agents will be held personally responsible for neglect of instructions. FOLLOW SPECIAL INSTRUCTIONS STRICTLY

SPECIAL INSTRUCTIONS. No Protest.

REMARKS:

An Adams Express Special Collection Envelope

When a collection is to be made by an express company a statement of the account should be made and placed in a *special collection envelope*, as shown by the form above; this envelope containing the statement of the account is then handed to the express agent. A small fee is charged by the express company for undertaking the collection, and if the collection cannot be made, there are no further charges, but if they make the collection, a small additional fee is charged for return of the money. The whole expense for collecting an account of $12.00 or $15.00 by this method is not more than 20 or 25 cents.

Form CXVII.

(54) No. 701

United States Express Co.

$ 23.45 *for Collection.*

$ .15 *Charges for Return of Money.*

$ 23.60 *Total Amount to be returned.*

From Volney A. Freeman

To Everett B. Hill,
Louisville,
Ky.

Rock Island, Ill., April 14 1902

C. O. D.

Bill to be collected on delivery of goods.

Goods billed to

NOTICE TO SHIPPERS.

Goods subject to C. O. D. are accepted and forwarded by this Company ONLY according to the conditions of its Receipt and its Rules and Instructions to Agents. If the money to be collected from the consignee on delivery of the property described hereto is not paid within thirty days from date of this Company's receipt, the shipper agrees that this Company may return said property to him at the expiration of that time subject to the conditions of this Company's receipt, that he will pay the charges for transportation both ways, and that the liability of this Company, for such property, while in its possession, for the purpose of making such collection, shall be that of warehousemen only.

NOTICE TO AGENTS.

Agents and all employes concerned are referred to the Company's Book of Rules and Instructions concerning C. O. D.'s and will be held to strict accountability for compliance therewith.

REMARKS.

Counted and Sealed by

A United States Express C. O. D. Envelope

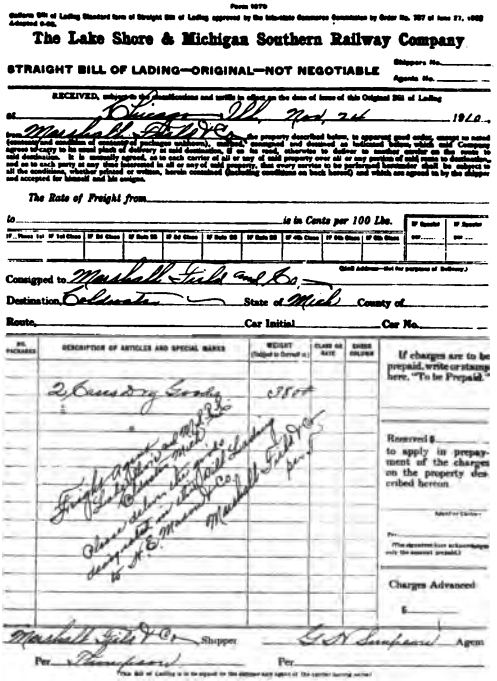
103. Sending Goods C. O. D. by Express. If goods are sent C. O. D. (Collect on Delivery), which means that they are to be paid for when delivered, the sender makes out a bill of the goods and places it in an envelope called a C. O. D. envelope, which he sends with the goods. When the goods are delivered by the express company to the person to whom they are addressed, it collects the charges for delivering the goods and also the amount of the bill. Sometimes, too, they collect charges for the return of the money to the shipper. If the charges for the return of the money are to be collected, the amount of the charges should be shown on the C. O. D. envelope.

The bill which the sender makes out to be sent with the goods should be receipted, for the expressman will not deliver the goods to the purchaser until the C. O. D. bill has been paid.

Form CXVII. shows a return C. O. D. envelope properly filled out.

104. Bill of Lading with Draft Attached. Sometimes when a man who does not have very high credit in the commercial world, orders a bill of goods from a wholesale firm, they have some hesitation in shipping the goods without being assured that prompt payment will be made. If the goods to be shipped are too heavy to go by express, they may be shipped C. O. D. by freight. This is usually done by means of a bill of lading with draft attached. The shipper bills the goods to himself at the place where the purchaser lives. He does not, however, send the bill of lading direct to the purchaser of the goods, but draws a draft on him to which the B/L is attached, and the draft is sent through the bank to him for collection. Before the B/L is

Form CXVIII.



The Lake Shore & Michigan Southern Railway Company

STRAIGHT BILL OF LADING—ORIGINAL—NOT NEGOTIABLE

Shipper's No.

Agent's No.

RECEIVED, subject to the classifications and tariffs in effect on the date of issue of this Original Bill of Lading

at Chicago Ill Nov 24th 1900

from Marshall Field & Co

The Rate of Freight from

to is in Cents per 100 Lbs.

Consigned to Marshall Field and Co.

Destination Coldwater State of Mich County of

Route Car Initial Car No.

No. Packages	Description of Articles and Special Marks	Weight	Class or Rate	Check Column
	2 Boxes Dry Goods	1500		

If charges are to be prepaid, write or stamp here, "To be Prepaid."

Received $ to apply in prepayment of the charges on the property described hereon.

Charges Advanced

$

Marshall Field & Co. Shipper

Per Thompson

G N Sampson Agent

Per

Form for a Bill of Lading to which Draft is attached

sent, it is indorsed to him, and when he has paid the draft the B/L is turned over to him and he can get the goods.

Example: Suppose Marshall Field & Co. of Chicago receive an order for a bill of goods amounting to $450 from H E. Mason & Co. of Coldwater, Mich., with a request that the goods be shipped by freight. If they desire to ship the goods C. O. D. or with B/L attached to draft, the B/L would be like Form CXVIII., Marshall Field & Co. appearing as the consignees. The

indorsement on the B/L is an order to the railroad freight agent at Coldwater to deliver the goods to H. E. Mason & Co. A draft on H. E. Mason & Co., with B/L attached, is sent to the bank at Coldwater, with instructions to deliver the B/L to H. E. Mason & Co. when the draft is paid. (See Form CXIX.)

A bill of the goods is also sent to H. E. Mason & Co. with a letter advising them how the goods were shipped.

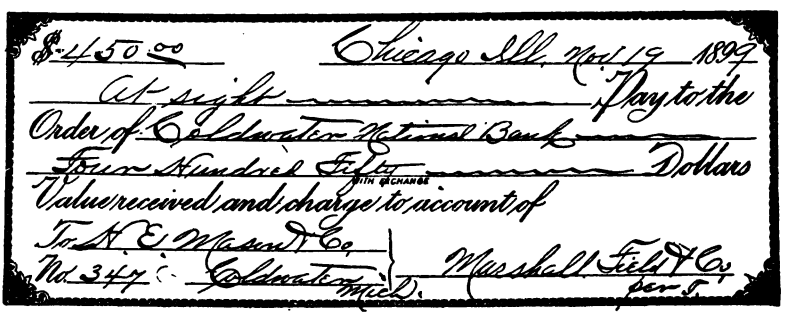
Form CXIX.

CHICAGO, ILL., NOV. 19, 1899.

CASHIER NATIONAL BANK,
Coldwater, Mich.

DEAR SIR: — Inclosed herewith we mail you draft attached to B/L and drawn on H. E. Mason & Co. of your city for $450. Please collect of H. E. Mason & Co. the amount of the draft, and when same is paid deliver to them the B/L. Send proceeds to us, less collection and exchange, and oblige,

Yours truly,
MARSHALL FIELD & CO.


$450.00 Chicago Ill. Nov 19 1899
At sight Pay to the
Order of Coldwater National Bank
Four Hundred Fifty WITH EXCHANGE Dollars
Value received and charge to account of
To H. E. Mason & Co.
No 347 Coldwater Mich. Marshall Field & Co.
per S.

Draft to be attached to above Bill of Lading

This method is used only in cases where the consignee does not have good business credit, and it is unsafe to ship

him goods in any other way. The consignee should understand before the goods are shipped that they must be paid for when delivered, for if he refuses them, the shipper must pay the freight.

105. Shipping Invoice. When goods are shipped away to be sold on commission, an invoice should be made out showing the amount and kind of goods shipped. The goods

Form CXX.

SHIPPING INVOICE

Form 8

SHIPPING INVOICE.

GALESBURG, MICH., Sept. 30, *189*9

INVOICE OF MERCHANDISE *shipped by* James W. Miller,

and consigned to Buck & Co., *of* Chicago, Ill.,

to be sold on commission.

		120 bbls. Baldwin Apples				
		84 " Bartlett Pears				

should be plainly marked, not only with the name and address of the person to whom they are shipped, but with the name of the shipper also, so that the commission merchant can see at a glance whose goods they are.

NOTE.— For laws in regard to Common Carriers, see §120.

Questions and Exercises on Chapter VIII.

1. What is a bill of lading?

2. How many copies of the bill of lading are usually made?

3. Who fills out the bill of lading, the person who ships the goods or the railroad agent?

4. Which party is the consignee? Which the consignor?

5. Does the consignor send his copy of the railroad bill of lading to the consignee or retain it himself?

6. You wish to send four barrels of choice winter apples to John W. Horton & Co., commission merchants, Detroit, Mich. Make out the shipping receipt and sign your copy.

7. What is a railroad expense bill?

8. Who makes out the railroad expense bill, the railroad agent or the consignee? How many copies are usually made?

9. Of what use is it to the consignee to have the railroad agent sign his copy of the railroad expense bill?

10. Of what use to the railroad agent is the signature of the consignee on a railroad bill of lading?

11. What is a railroad manifest?

12. When is it necessary to furnish a manifest to the railroad agent?

13. Who fills out the manifest?

14. In shipping goods to Canada from the United States, what is required besides the usual invoice? Of what use is a certified invoice?

15. What is the object in getting a receipt from the express agent when sending goods by express?

16. Is it usually necessary to prepay express charges?

17. George W. Whitney of Centerville, Ind., orders of you fifteen bushels of Crawford peaches at $1.25 per bushel, and

asks you to send them by express, C. O. D. Make out all necessary papers for sending the peaches as requested.

18. Morton & Goodyear of Indianapolis, Ind., order of you 100 bushels of Crawford peaches, and ask you to draw on them for the amount of same, with bill of lading attached to draft. Write all necessary papers and notify them that the peaches have been shipped.

19. If you receive by express a package addressed to your friend, what name would you sign to the receipt?

20. Is a bill for goods sent C. O. D. by express different from any other bill of goods?

21. Who usually pays the return charges on the money received from a C. O. D. bill?

22. Explain how goods are sent C. O. D. by freight.

23. What is the object in attaching a draft to a bill of lading?

24. You receive an order from John W. Williams, Indianapolis, Ind., for a bill of merchandise amounting to $260.40. Wishing to be sure of your pay, you draw a draft on him and attach it to the bill of lading. Write the draft. Make out the bill of lading. Write a letter to him, notifying him of the shipment, and that you have drawn on him.

25. When produce is shipped away to be sold on commission, is it necessary to send a shipping invoice?

26. You have 340 dozen eggs and 125 pounds of butter to ship to J. W. Emery, commission merchant, Chicago, to sell on commission. Make out a shipping bill; also write him a letter telling him not to sell the butter at less than 22 cents per pound. When the produce is shipped you should of course get a shipping receipt or railroad bill of lading from the railroad company. Do you hold the shipping receipt or do you send it to the man to whom you ship the goods?

27. Suppose you wish to send a cook stove weighing 350 pounds from La Grange, Ind., to Niles, Mich Make out the proper shipping bill. You ship the stove and it is badly damaged by carelessness in handling. Write a letter to the railroad company claiming damage on the stove amounting to $10.00.

General Review Exercises

1. What is the difference between a check and a bank draft?

2. What are safety deposit vaults?

3. What is a bank draft?

4. What is meant by protesting a draft?

5. What is a collateral note?

6. If you hold a note against a man living in a distant city, how would you proceed to collect it?

7. What is meant by partial payments?

8. A man living in Milwaukee, Wis., wishes to pay a bill in St. Louis, Mo. Which would be better, to send a New York draft or a Chicago draft?

9. Would it make any difference to the payee if he lived in Richmond, Va., whether he received a New York draft or a Chicago draft?

10. What other methods are there for making remittances besides bank drafts and post office money orders?

11. What are travelers' checks?

12. By whom are they issued?

13. What is meant by "proxy"?

14. Explain how an individual or firm may give to an agent authority to execute a deed or a mortgage.

15. When such authority has been properly given, how may it be terminated?

CHAPTER IX.

CONTRACTS, LEASES, GUARANTIES, BONDS

106. Contracts. A *contract* is an agreement between two or more persons to do or not to do certain stated things. Contracts are of so much importance that it will be well to consider some of the things necessary to their validity.

1. The thing to be done must be possible. This does not mean that a person may make a contract and afterward be relieved from performing it because of a lack of money, or sickness, or something which makes it impossible for him to fulfill his agreement; but if the thing agreed to be done is something which, in its nature, is impossible, the law will not hold the maker of the contract responsible for its performance.

2. Any contract which the law forbids is not binding. A contract for smuggling goods would not be valid; neither would a contract for robbery or bribery be valid, for the law will not compel a man to do that which it forbids him to do.

3. Any contract which by its performance is injurious to the public is not valid.

4. Contracts made on Sunday are not valid in some states.

5. The parties to the contract must be competent to make a contract or it will not be valid. A contract with a drunken

person is not binding upon him, neither is one made by an idiot, or an insane person, or a minor, unless the contract is for necessaries, such as food, clothing, shelter, or education.

6. Before a contract can be binding upon either party, there must be a mutual understanding between them. There is a popular saying that it takes two to make a bargain, and that is true. If it can be proved that there was any misunderstanding on either side in regard to the essential parts of the contract, there is no agreement, and the contract is voidable.

107. Valid Consideration. In order that the contract be binding, there must be some consideration. If I tell you that I will give you a new suit of clothes, and afterward refuse to do so, the law will not compel me to make you a present of a new suit of clothes, because there was no consideration. If, however, you had agreed to work for me a couple of days and I had agreed to supply you with a new suit of clothes in payment, the contract would then be binding, for there would be a mutual understanding between us, and there would also be some recompense or consideration for the clothes. If I should make you a present of the suit of clothes, I could not compel you to give them back to me.

108. Written Contracts. There are certain contracts which must be in writing in order to be binding.

1. Any contract for the sale of real estate must be in writing, and any contract which is not to be performed within a year must be in writing to be binding.

2. A lease for more than one year would not be binding unless the contract or agreement were in writing.

3. Every contract to answer for the debts of another must

be in writing to be binding. If a man goes into a store and buys a pair of shoes on credit, and his friend says to the merchant, "If this man does not pay for the shoes, I will," the merchant could not hold the friend responsible for the payment unless the agreement was in writing.

4. In some states all contracts for the sale of goods amounting to more than $50.00 must be in writing in order to be binding, unless part of the purchase price is paid at the time the contract is made, or unless part of the goods have been delivered. The part payment is sometimes called *earnest money* and does away with the necessity of having the contract in writing.

109. Verbal Contracts Unsafe. If the parties to a contract place their agreement in writing, it must be wholly in writing. It cannot be partly written and partly verbal, for the law will recognize only the written agreement.

There are many important contracts which are not required by law to be in writing, but it is better in most cases if the parties to a contract have their agreement placed in writing and each person interested furnished with a copy. People who rely on a verbal contract are apt to forget just what the agreement was, and many times there are misunderstandings and dissatisfactions which might have been avoided if the agreement had been placed in writing. Very often this important matter is neglected because the person with whom the contract is made is a relative or friend, and it is thought that there is no need of a written contract with a person in whom one has implicit confidence. The fact that the parties to a contract are intimate friends is, however, a greater reason why their contract should be in writing, so that no misunderstandings may arise to break their friendship.

110. Formal Articles Not Necessary. It is not necessary, even in matters of great importance, to draw up *articles of agreement* with great formality, and the law which requires certain contracts to be in writing does not state what shape the writing shall assume. It is not a difficult matter to prepare ordinary articles of agreement, if one understands what the agreement is and will express that agreement in plain, simple language, being careful to state precisely and fully just what is meant.

Persons who are not lawyers should use as simple language as possible, and avoid the use of legal terms which they do not understand.

It is not *necessary* that a contract be sealed or witnessed. Contracts are usually drawn similar to the form given below:

Form CXXI.

CONTRACT TO PERFORM WORK

This agreement made this fourth day of March, A. D. 1901, between John W. Thompson of the city of Springfield, State of Missouri, and Robert P. Smith of the same place, witnesseth: That the said John W. Thompson agrees to work for the said Robert P. Smith as a farm hand, on the farm of the said Robert P. Smith, near the city of Springfield, during a period of eight months, beginning March 15, 1901, and ending November 14, 1901.

In consideration of the services so performed, the said Robert P. Smith agrees to pay to the said John W. Thompson the sum of Twenty Dollars per month, to be paid at the end of each month of said term.

In witness whereof, we have hereunto set our hands and seals the day and year first above written.

Witnesses:
T. D. FULLER.
O. W. JONES.

JOHN W. THOMPSON. { L. S. }

ROBERT P. SMITH. { L. S. }

Form CXXII.

LEASE—SHORT FORM. FORM NO. 878. Printed and sold by the Chicago Legal News Co.

This Agreement, Made the fifteenth day of September in the Year One Thousand Nine Hundred Two between Charles E. Clarke of the first part, and James O. Powers of the second part,

Witnesseth, That the said party of the first part has agreed to let, and hereby does let to the said party of the second part, and the said party of the second part has agreed to take, and hereby does take from the said party of the first part, the W½ of the SW ¼ of section 9 in T. 2 S. of the 4th principal Meridian, in the County of Knox and the state of Illinois

for the term of one year commencing on the 16th day of Sept. A. D. 1902 and to end on the 16th day of Sept. A. D. 1903.

And The said party of the second part HEREBY COVENANTS AND AGREES to pay unto the said party of the first part, the cash rent or sum of Three Hundred Dollars payable one half on March 1, 1903, and the other half at the expiration of this lease

And To quit and surrender the premises, at the expiration of the said term, in as good state and condition as they were in at the commencement of the term, reasonable use and wear thereof and damages by the elements, excepted.

And The said party of the second part further covenants that he will not assign this lease, nor let, or underlet the whole or any part of the said premises, nor make any alteration therein without the written consent of the said party of the first part, under the penalty of forfeiture and damages; and that he will not occupy or use the said premises, nor permit the same to be occupied or used for any business deemed extra-hazardous on account of fire or otherwise, without the like consent, under the like penalty.

And The said party of the second part further covenants that he will permit the said party of the first part, or his agents, to show the premises to persons wishing to hire or purchase, and on and after the first day of February next preceding the expiration of the term, will permit the usual notice of "to let" or "for sale" to be placed upon the walls or doors of said premises, and remain thereon without hindrance or molestation.

And also, That if the said premises, or any part thereof, shall become vacant during the said term, the said party of the first part, or his representative, may re-enter the same, either by force or otherwise, without being liable to any prosecution therefor; and re-let the said premises as the agent of the said party of the second part, and receive the rent thereof, applying the same first to the payment of such expenses as he may be put to in re-entering, and then to the payment of the rent due by these presents; and the balance (if any) to be paid over to the said party of the second part, who shall remain liable for any deficiency.

And The said party of the second part hereby further covenants that if any default be made in the payment of the said rent, or any part thereof, at the times above specified, or if default be made in the performance of any of the covenants or agreements herein contained, the said hiring, and the relation of landlord and tenant, at the option of the said party of the first part shall wholly cease and determine; and the said party of the first part shall and may re-enter the said premises and remove all persons therefrom; and the said party of the second part hereby expressly waives the service of any notice in writing of intention to re-enter, notice to terminate the tenancy, notice to quit or demand for possession.

In Witness Whereof, The parties to these presents have hereunto set their hands and seals the day and year first above written.

Sealed and Delivered in the presence of

William Blank

Charles E. Clarke (SEAL)

James O. Powers (SEAL)

(SEAL)

Form of Lease (front)

Form CXXIII.

LEASE.

FROM

TO

Rented On the within Lease the sum as opposite the following months, for the years 190—and 190—

190— *May*, ... $ ——

June, ... ——

July, ... ——

August, ... ——

September, ... ——

October, ... ——

November, ... ——

December, ... ——

190— *January*, ... ——

February, ... ——

March, ... ——

April, ... ——

GUARANTEE.

For value received ——— hereby guarantee the payment of the rent and the performance of the covenants by the party of the second part in the within Lease mentioned and agreed, in manner and time as in said Lease provided.

Witness ——— hand ——— and ——— day of ——— A. D. 190—

——— [SEAL]

ASSIGNMENT AND ACCEPTANCE.

For value received ——— hereby assign all ——— right, title and interest to and in the within Lease unto ——— heirs and assigns, and do request ——— of the tenant in the assignment by the Lease ——— thereafter the performance by said ———

In consideration of the above assignment and the written consent of the party of the first part thereto, ——— hereby assume and agree to make all the payments and perform all the covenants and conditions of the within Lease, by and party of the second part to be made and performed.

Witness ——— hand ——— and ——— day of ——— A. D. 190—

——— [SEAL]

CONSENT TO ASSIGNMENT.

——— hereby consent to the assignment of the within Lease to ——— as the express condition that ——— hereby bind ——— heirs for the prompt payment of the rent and performance of the covenants of the Lease by the party of the second part therein named, and that the Lessee or sub-letting of the premises or any part thereof shall be made without ——— written consent first had thereto.

Witness ——— hand ——— and ——— day of ——— A. D. 190—

——— [SEAL]

LANDLORD'S AGREEMENT.

In consideration of One Dollar, to ——— in hand paid, ——— hereby transfer, assign and over to within Lease, and the rent thereby reserved ——— and assigns ——— thereto as to within Lease, and the rent thereby reserved.

Witness ——— hand ——— and ——— day of ——— A. D. 190—

——— [SEAL]

——— [SEAL]

Form of Lease (*back*)

111. Leases. A contract made between two parties, by which real estate is rented for a specified time, is called a *lease*. A person who leases real estate to another is called a

Form CXXIV.

LANDLORD'S FIVE DAY NOTICE,—FOR CHICAGO. FORM No. 238.

To Emilio Moracini.

You are Hereby Notified, that there is now due and the sum of Eighteen Dollars and no Cents, being rent for the premises situated in the City of Chicago, in Cook County, in the State of Illinois, and known and described as follows, viz.: Lot one (1), block two (2), Grove's second addition to the city of Chicago, and described also as 1017-1031 Congress St.

And you are Further Notified, That payment of said sum so due has been and is hereby demanded of you, and that unless payment thereof is made on or before the 18th day of May A. D. 1902 your lease of said premises will be terminated. Dennis O'Hagan is hereby authorized to receive said rent so due.

Dated this 13th day of May A. D. 1902

Maurice Rosenfeld
LANDLORD.

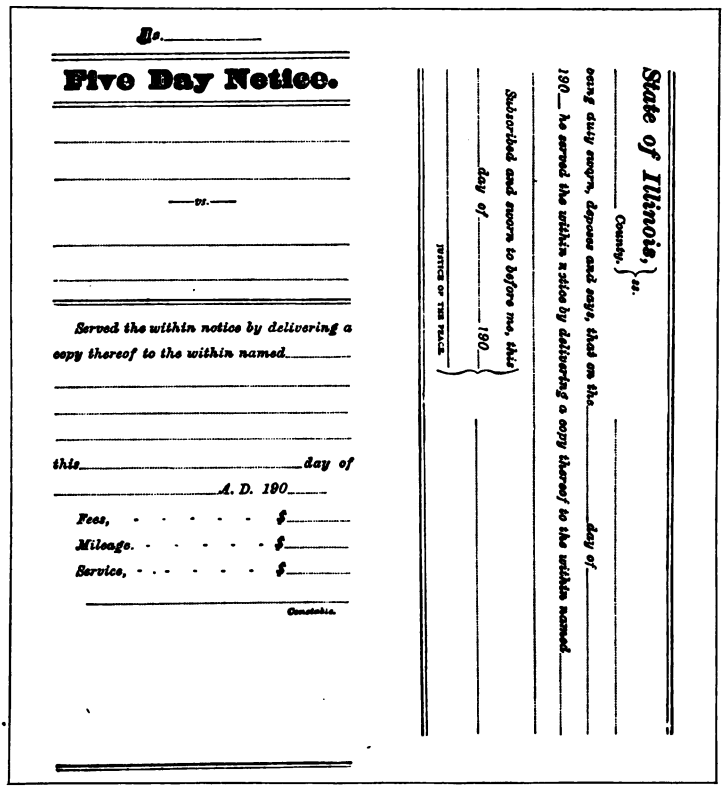
Notice to Quit (front)—(Used in Illinois)

landlord, and the person to whom he leases the real estate is called a *tenant*. In law, the person giving the lease is termed the *lessor*, and the person to whom the lease is made is termed the *lessee*.

A verbal lease for more than one year is void; therefore,

when a promise to rent for more than a year is made, it should be in writing. No particular form of wording is

Form CXXV.



No._____

Five Day Notice.

_____

_____

—vs.—

_____

_____

*Served the within notice by delivering a copy thereof to the within named*_____

_____

_____

_____

*this*_____ *day of*

_____ *A. D. 190*____

Fees, - - - - - - $_____

Mileage. - - - - - - $_____

Service, - - - - - - $_____

_____

Constable.

State of Illinois, } ss.

_____ County, }

_____ being duly sworn, deposes and says, that on the _____ day of _____ 190__ he served the within notice by delivering a copy thereof to the within named _____

_____

Subscribed and sworn to before me, this _____

_____ *day of* _____ *190*__

JUSTICE OF THE PEACE.

Notice to Quit (back)

necessary, but it is important that the lease state in a plain, straightforward manner, all the conditions of the agreement, so that there may be no misunderstanding. It must include

the whole agreement, for if a lease or contract of any kind be made in writing, any additional verbal agreement is of no avail in law. Each of the parties should have a copy of the lease.

The tenant must pay the rent provided for in his lease, strictly in accordance with his agreement. Even if the premises are rendered useless by unavoidable accident of fire, or flood, or tempest, the tenant will still be liable for the payment of the rent. But leases generally contain a clause providing for a suspension of the payment of the rent during the time the premises are rendered untenantable by reason of any of these causes.

If the tenant use the premises for any purpose not contemplated by the letting, it may terminate the lease.

112. **Repairs and Subletting.** The statutes of some of the states provide that the landlord must keep the premises in repair, but in others there is no such provision. The parties to the lease may make such agreement in their lease respecting repairs as they see fit. If the landlord agrees to keep the premises in repair and fails to do so, the tenant may deduct from his rent as much as he has been compelled to pay out for such repairs as the landlord agreed to make; but in order to do this he must have given due notice to the landlord of the necessity of such repairs.

When the lease is made, a definite understanding should be had by the parties regarding repairs, and the agreement concerning the matter should be fully written out in the lease.

If the terms of the lease do not prohibit the lessee from subletting the premises, he may, if he wishes, sublet any part or the whole of them, but he will still be liable for the payment of the rent if the sub-tenant does not pay it. If a

landlord consents to take a substitute, the first tenant is released.

113. Notice to Quit. If the lessee does not remove from the premises when his term of lease has expired, his right to possession cannot be taken away except by a *notice to quit.* The notice to quit may be served upon the lessee or any person holding under him. The notice should state that possession of the premises is demanded, and that the tenant must vacate within the time specified in the notice.

114. Guaranty. A *guaranty* is an agreement to answer for the liability of another, and a person who guarantees the fulfillment of another's agreement is called a *guarantor.* If a man gives his note for a certain amount, or makes a contract to do a certain piece of work, or leases some property for which he agrees to pay a certain sum per month, in any of these cases it might be necessary to have some friend guarantee the fulfillment of his promise. In order that the guarantor may be held, the guaranty should be in writing and signed by him.

Although no special words are necessary to constitute a guaranty, the guarantor must clearly show that it is his intention to guarantee the fulfillment of the agreement. The guarantor cannot be held for the fulfillment of the agreement unless the conditions of the guaranty are strictly followed, and he can be held only for the amount agreed upon or for the time mentioned in the guaranty. If the guaranty is for the payment of a debt, and the principal fails to pay, it is usually necessary that the guarantor be notified, but in some states a mere indorsement is equivalent to a guaranty, and the indorser need not be notified (see p. 172). It is a part of business courtesy, however, to notify.

Form CXXVI.

GUARANTY OF RENT TO BE ATTACHED TO A LEASE

In consideration of the letting of the premises above mentioned to the above named *C. C.*, and of the sum of *one dollar* to *me* paid by the said party of the first part, *I* do hereby covenant and agree, to and with the party of the first part above named, and with *his* legal representative, that if default shall at any time be made by the said *C. C.* in the payment of the rent and performance of the covenants above contained on *his* part to be paid and performed, that *I* will well and truly pay the said rent, or any arrears thereof that may remain due unto the said party of the first part, and also all damages that may arise in consequence of the non-performance of said covenants, or either of them, without requiring notice of any such default from the said party of the first part.

Witness *my* hand and seal this.....day of....., in the year of our Lord one thousand nine hundred and.....

[Name of witness.] [Signature.]

Form CXXVII.

GUARANTY OF PAYMENT OF NOTE

For value received, I hereby guarantee the payment of the within note.

[Date.] [Signature.]

Form CXXVIII.

GUARANTY OF PAYMENT OF BOND

In consideration of the sum of one dollar to me in hand paid by G. P., I hereby guarantee the payment of the foregoing bond.

Witness my hand (and seal), the.....day of....., 19..

[Signature, with or without seal.]

115. Bill of Sale. A *bill of sale* is an agreement in writing by which one person transfers his interest in personal property to another. Like many other legal documents, no special prescribed form is necessary; the seller of the "chattels" or personal property simply shows by his bill of sale

that he has transferred his interest in the property to some one else.

Form CXXIX.

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, That *I, James Stone* of *Salinas*, County of *Monterey* and State of *California*, in consideration of *One Hundred and Fifty dollars*, to *me* paid by *William Irving*, of the same place, have bargained and sold to said *William Irving*, the following goods and chattels, to wit: *one gray horse, one carriage, and three cows.*

In witness whereof, *I* have hereunto set *my* hand and seal, this *20th* day of *October*, A. D. *1901.*

Signed, sealed, and delivered in presence of.....

SEAL.

Although the above is the usual form of a bill of sale, the following would be equally binding and would answer every purpose:

Form CXXX.

SHORT FORM OF BILL OF SALE

SALINAS, CAL., *October 20, 1901.*

I have this day sold to William Irving, one gray horse, one carriage, and three cows.

JAMES STONE.

116. Bonds. A *bond* is a writing under seal by which the maker acknowledges some debt, liability, or duty. It is called a bond because it *binds* the maker of it. The maker of a bond is called the *obligor*, and the person in whose favor it is made is called the *obligee.*

A bond first states an indebtedness, and then a condition that if the obligor performs some particular act, the obligation is

Form CXXXI.

FIDELITY BOND—General Form. (1720)

Know all Men by these Presents, That we George B. Sherman of the City of South Bend, County of St. Joseph and State of Ind., as principal, and James M. Thornton of the same place of residence, as surety, are held and firmly bound unto Henry M. Staughton, of the City of Elkhart, County of Elkhart and State of Ind., in the sum of Three Thousand dollars, lawful money of the United States of America, to be paid to the said Henry M. Staughton, or his certain attorney, executors, administrators or assigns, for which payment well and truly to be made, we bind ourselves, our heirs, executors, and administrators, jointly and severally, firmly by these presents. Sealed with our Seals. Dated the 14th day of May in the year one thousand eight hundred and ninety-nine.

Whereas the above named Henry M. Staughton has employed the said George B. Sherman as clerk in his dry goods store in the City of Elkhart and State of Ind. by reason whereof various sums of money, goods, valuables and other property will come into his custody

Bond for Fidelity of Clerk (front)

Form CXXXII.

Now, Therefore, the Condition of this Obligation is such, that if the said George B. Sherwood shall well and faithfully discharge his duties as clerk and shall account for all moneys and property and other things which may come into his possession as under his control

then this obligation to be void; otherwise to remain in full force and virtue.

Signed, Sealed and Delivered in Presence of

Thomas W. Goodwin

George B. Sherwood SEAL.

James K. Thornton SEAL.

SEAL.

SEAL.

(1750) Indemnity Bond

to

Bond for Fidelity of Clerk (back)

void; otherwise it shall remain in full force and virtue. The penalty in a bond is usually fixed at double the amount of the real debt. This is for the purpose of securing the full debt with interest and cost if necessary. Let us examine the working of a bond.

Example: Suppose John Wood agrees to build a house for Peter Brown and to have it finished according to certain specifications on or before a certain day. Peter Brown requires John Wood to give a bond for two thousand dollars, in which he guarantees that the house shall be completed in good workmanlike manner, etc., at the time specified. Let us suppose that John Wood goes to work and completes the house and does everything exactly according to agreement, except that he is a month late in completing his undertaking. Now, according to the strict terms of the bond, he is indebted to Peter Brown to the amount of two thousand dollars, and, under the early common law, the whole amount of the bond would be payable to Peter Brown, no matter how much or how little damages or inconvenience Peter Brown had suffered on account of the delay. It would, however, be exceedingly hard if John Wood were made to pay all this money on account of a trifling default, and now the law will not compel him to pay any more than a sufficient amount to compensate Mr. Brown for any loss or inconvenience which the delay has caused him.

It is customary to have one or two *sureties* to a bond, and the sureties are bound the same as the obligor, unless the bond states otherwise.

The sureties to a bond are usually required to "justify" in a certain amount. This means that they must swear to being worth a certain amount of money above all their indebtedness.

Although it is not necessary that bonds be witnessed and

acknowledged, it is sometimes desirable to have it done, such as in cases where the signer cannot write, and is obliged to sign by his mark, or in any other case where a question may arise regarding the genuineness of the signature.

Form CXXXIII.

COMMON FORM OF BOND

KNOW ALL MEN BY THESE PRESENTS, That *I*, ..., of ....., County..... and State of ....., *am* held and firmly bound unto ....., of the same place, in the sum of .... dollars, lawful money of the United States, to be paid to the said ....., *his* certain attorney, executors, administrators, or assigns; to which payment well and truly to be made, *I* do bind *myself*, *my* heirs, executors, and administrators, firmly by these presents; sealed with *my* seal, and dated this ..... day of ..... A. D. one thousand eight hundred and .....

The condition of this obligation is such, that if the above-bounden....., *his* heirs, executors, administrators, or any of them, shall and do well and truly pay or cause to be paid, unto the aforesaid ....., *his* executors, administrators, or assigns, the full and just sum of ... dollars, lawful money, as aforesaid, with legal interest for the same, on or before the ... day of ..... next, without fraud or further delay, then this obligation to be void and of no effect, otherwise to be and remain in full force and virtue.

Signed, sealed, and delivered in the presence of
.....
.....

[SEAL]

117. Bonds for Faithful Service. Persons who hold positions of trust or responsibility are usually required to give a bond signed by some person or company, thus guaranteeing faithful service and agreeing to make good any loss caused by defalcation or carelessness.

If a young man obtains a responsible position and it is necessary for him to give a bond guaranteeing faithful performance of his duties, and he has no personal friend who will become his bondsman, he may, if he has good character

and good habits, arrange with a *surety company* to sign his bond.

There are now several surety companies which give bonds for any one whom they consider "a good risk" When an application is made, it is necessary to give three references, with whom the company corresponds, and they make very careful inquiries concerning the character and habits of the applicant before signing his bond. The amount of the surety bond in any position depends, of course, upon the position; but any young man or woman with good habits and a good record has no difficulty in securing bonds for five or ten thousand dollars by paying a small sum annually.

NOTE.—For Stocks and Bonds, see §§ 127–129.

EXERCISES ON CHAPTER IX.

1. May a contract be partly verbal and partly written?

2. If a man promises to give a suit of clothes to his neighbor, is the promise legally binding?

3. Need there be any witnesses to a written contract?

4. If you make your friend a present of a pair of shoes, can you compel him to give them back to you?

5. If a man make a contract to commit a forgery, would the contract be binding upon him?

6. What is a bond and why is it called a bond?

7. There are usually two parts to a bond; what are they?

8. Who is the obligee in a bond?

9. Who is the obligor?

10. If a man sign a bond to perform a piece of work before a certain day and there is a slight default in the performance of the work, does the whole sum become due?

11. What is the surety of a bond?

12. Is it necessary to have a bond witnessed and acknowledged?

13. Name some kinds of officers who have to give bonds.

14. If a man have no personal friend to sign his bond, what can he do?

15. Which is considered better, a bond signed by a personal friend or one which is signed by a surety company? Why?

16. Will a surety company sign a bond for any one who applies, if the regular fee is paid?

17. What is a landlord?

18. What is a lease?

19. Can you make a verbal contract which will be binding for renting a house for more than one year?

20. Is any special wording necessary to make a written lease binding?

21. Suppose you rent a house for a year and the house burns down after one month, would you be obliged to pay rent for the whole year?

22. Is it necessary to have witnesses to a written lease?

23. What is a notice to quit?

24. May a tenant sublet any part of a house which he has rented?

25. You have a house known as No. 340 West Main Street, Bloomington, Ill., which you rent to D. W. Miller for one year, at $12.00 per month. Write the lease. May the lease be partly written and partly verbal?

26. What is a guaranty? What is a guarantor?

27. Is a guaranty usually in writing? Would it be binding if it were not in writing?

28. Are any special words necessary to constitute a guaranty? If the principal fails to pay, what ought to be done?

29. Name some conditions under which a guaranty is used.

30. What is a contract?

31. Name three cases in which the law requires a contract to be in writing.

32. Is a contract with a drunken person binding?

33. Is a contract with an insane person binding?

34. What is a minor?

35. Would a contract made with a minor be binding upon him?

General Review Exercises

1. If Thomas J. Ward owes you $24.60 on account, how would you proceed to collect it?

2. If Mr. Ward pays no attention to your first notice, what would your next step be? And the next?

3. If a person signs his name on the back of a check and then adds the words, "Without recourse to me," what kind of an indorsement is that?

4. What advantage would there be in making such an indorsement?

5. When is a sight draft payable?

6. If no place of payment is mentioned in a note, where should it be presented for payment?

7. What is meant by the legal rate of interest?

8. How do business men get information regarding the financial standing of their customers?

9. Name some of the companies or agencies which furnish such information.

10. If the name of a business man is omitted from their reports, does that indicate that his business credit is not good?

11. How often are new reports gotten out by these agencies?

12. Give an explanation of the best method for making change.

13. When goods are shipped by railroad or by steamboat, what is the person called who ships the goods?

14. What is the person called who receives the goods?

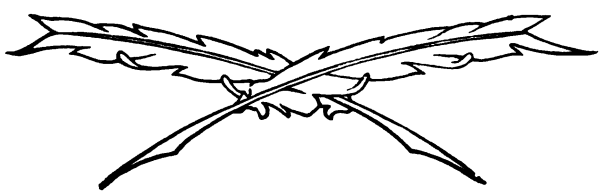
15. The person making the shipment usually receives a receipt for the goods shipped. What is this receipt called?

16. Does he receive more than one copy of this receipt, and if so, how many? What is the object in having more than one copy?

17. When goods are shipped by express, why is it necessary that the name of the sender be placed upon the package?

18. What advantage is there in marking a package of fruit or flowers, "Perishable"?

19. Give an explanation of a bill of lading with draft attached.



CHAPTER X.

MERCHANDISE SALES, STOCKS AND BONDS

118. Merchandise Sales. There are many little matters pertaining to the sale of merchandise and the laws governing the same, with which every person who buys or sells any amount of goods ought to be familiar, but the subject is such an extensive one that it is impossible to more than touch upon a few of the most important points in a work of this kind.

A business man ought to know, of course, when a written contract is necessary in making a sale; what a warranty is worth; when goods may be stopped *in transitu;* how far a common carrier is responsible, etc.

In those states where no statutory laws governing these matters have been enacted, a part of the common law, or what is known as the *statute of frauds,* prevails. The common law provides that "no contract for the sale of any goods, wares, or merchandise, for the price of $50.00 or more, shall be allowed to be good unless the buyer shall accept a part of the goods so sold, and actually receive the same or give something in earnest to bind the bargain, or in part payment, or some note or memorandum in writing of said bargain to be made and signed by the parties to be charged by such contract, or by their agents, thereunto lawfully authorized."

Example 1: A man goes into a wholesale establishment to purchase a supply of hats for his retail store. He looks the stock over and finds a lot of six dozen hats which seem to be satisfactory in price and quality. He informs the merchant in the wholesale store that he will take the hats, and asks that they be set aside for him, at the same time saying that he will send for them.

Although there are several opportunities to sell the hats to those who are anxious to buy, they are held for the retail merchant who promised to send for them, until it is too late in the season to dispose of the hats. Now this was very unjust to the wholesale dealer, but the man who ordered the goods was not obliged to take them if he did not choose to do so, because he had not taken any part of the goods with him, and had signed no memorandum nor agreement, nor had he paid anything down on the goods. Had he made a small payment on them, or taken away even one of the hats, or had he ordered the goods by letter, then the agreement would have been binding upon him. If the price of the articles sold had been less than $50.00, then a verbal or oral contract would have been binding.

If a man who purchases goods or chattels pays a part of the purchase price down, even $1.00, and the seller accepts it, the bargain is binding upon both parties, providing each is competent to make a contract.

Example 2: A farmer sold to a drover a yoke of cattle for $100, and, as part payment on the cattle, the drover paid $5.00 down and agreed to pay the balance and take the cattle away within a week. Before the expiration of a week the farmer had an opportunity to sell the cattle for $125, which he did. When the drover returned to get his cattle the farmer offered to return the $5.00 which he had received, thinking that would settle the matter; but the drover sued the farmer for the amount which he claimed he could have made as profit on the cattle, and collected it.

If the seller of goods sells them for cash and the purchaser does not pay the cash as per agreement, he cannot, of course, take possession of the goods; and if the payment is delayed an unreasonable time, the seller may sell them over again.

If goods are sold on credit and the man to whom they are sold fails to pay as he agreed to do, the seller cannot go to the purchaser's store and reclaim the goods on the ground that they are not paid for. He must collect the debt in the regular way.

119. Stoppage in Transitu. Although the seller of the goods cannot go to the store of the purchaser and reclaim them in case the purchaser fails to pay for them, he can stop the delivery of the goods before they reach the purchaser if he should find that the purchaser has become insolvent. This is called *stoppage in transitu.* It can only be exercised when the buyer is insolvent and the goods are not paid for.

Example 1: If a wholesale firm in New York sells to a retail dealer in Indiana a quantity of goods on credit, and before the goods are delivered, the sellers are informed through Dun's or Bradstreet's commercial agency, or in some other way, that the buyer has become insolvent and is unable to pay his debts, they can at once telegraph the railroad company not to deliver the goods. The railroad company is now bound to hold the goods, subject to the order of the seller.

Example 2: Suppose a farmer ships a carload of grain to a grain dealer in a distant city, with the understanding that the payment for the grain shall be made at some future time. While the grain is on the road, the farmer learns from a friend that the grain dealer has become insolvent. The farmer at once telegraphs the agent of the railroad company to hold the grain subject to his order, and the railroad company will be obliged to do so.

120. Common Carrier. A *common carrier* is one who undertakes for hire, to carry goods or passengers from one point to another. This includes only those who make a regular business of carrying goods or passengers, or both, such as railroads and express companies. There are certain laws governing the duties of a common carrier. He is required to carry all goods which are offered, such as he is accustomed to carry or proposes to carry. He cannot discriminate in favor of any one person, and when once he receives goods for the purpose of carrying them from one point to another, he must deliver them safely. If the goods are lost or stolen or burned while in his possession, he must pay for them unless he can show that the loss or destruction of the goods was caused by what is called "an act of God or by a public enemy." Violent storms, lightning, floods, cyclones, etc., are things which cannot be foreseen, and a common carrier would not be held responsible for any damage caused by them. If the goods are destroyed by fire while in possession of a common carrier, he is usually held responsible for their full value, but if the fire was caused by a stroke of lightning, the loss must be borne by the owner of the goods.

121. Market Quotations. Nearly every issue of the newspapers published in our large cities contains a record of the *market quotations* of the day, and every person, no matter whether he be a business man or not, should be sufficiently familiar with these quotations to understand their meaning. They include not only the market prices of grain, provisions, and live stock, but also the quotations of the principal stocks and bonds, together with their fluctuations in price. The quotations are obtained from the actual sale of these commodities in the principal market centers of the country.

122. Boards of Trade. In most of the larger cities of the United States there are associations of business men organized for the purpose of furthering commercial interests and the enactment of rules for the regulation of trade.

An association of this kind is called a *board of trade, chamber of commerce, produce exchange,* or a *stock exchange.* Grain and provisions, as well as many other commodities, including stocks and bonds, are bought and sold there. Some of these associations are devoted to transactions in single classes of commodities or investments, as cotton, corn, or in stocks and bonds, as the New York Stock Exchange.

The principal board of trade of the United States devoted to the sale of grain and provisions is the Chicago Board of Trade, located in Chicago. It is a corporation organized under the laws of the state of Illinois, and its members buy and sell, on the floor of this exchange, the larger portion of the cereals and meat products of the Mississippi Valley and the West.

Chicago is, in fact, the greatest wheat market in the world. The price of wheat in Chicago determines the price of wheat for future delivery in Europe, South America, Asia, and Africa. The millers of this and foreign countries wish to know what their grain will cost them in any given month, and the future price of grain as determined by the Chicago Board of Trade is the price relied upon by foreign commission merchants in selling their grain for delivery at some future time.

The board of trade keeps an open market for handling all the grain of the world, and by having an open market it makes the cornering of the grain business an absolute impossibility.

The margin of profit between the consumer and the producer of grain is probably the smallest of any commodity in

which the middleman has a transfer. The margin is not more than three cents per bushel. The local grain man finds it necessary to take two cents and Chicago commission houses not more than one-half cent.

The services performed for the producer and local dealer of grain through the market reports by means of the telegraph and telephone is very great, and any hour of the day the producer of grain or the owner of the elevator in the small town may secure the market price, and in consequence the elevator owner may pay the producer the highest price and handle his business on this very narrow margin, as he knows what he can sell grain for at any special time.

123. Sales and Values. The sales in this board of trade determine the price of such commodities for the United States and practically for the world. Provisions are bought and sold on the board of trade for present or future delivery. When grain is sold to be delivered at once, it is called *cash grain*, and one who deals in grain to be delivered at some future time is said to be dealing in *futures*. The usual time for future delivery is in May, July, September, and December.

The changes in the market from day to day or from hour to hour are dependent on the actual sales. Whenever a sale is made, if it changes in price ever so little from the price of the last amount sold, this price constitutes a change in the market price. These changes are sometimes very frequent, the prices of the commodities ranging higher or lower according to the opinion of the buyer or seller as to what the prices will be at the time of delivery, be it in the months of May, July, September, or December.

A person who buys grain or provisions, hoping to sell later at a profit, is said to be *long* on grain or provisions; and one

who sells them, hoping to buy later at a lower price and thus make a profit on the transaction, is said to have sold *short*.

124. Brokers—Bulls and Bears. Only members can deal on the floor of the board of trade, and should any one not a member desire to buy or sell grain there, he must do so through some one who is a member. This person who buys and sells for another is called a *broker*, or commission merchant. The prices charged for such sale or purchase are regulated by the rules of the board, and on grain range from one-eighth of a cent to one cent a bushel, according to the kind and quantity of the grain bought or sold.

Form CXXXIV.

SATURDAY'S RANGE OF PRICES

The following shows the range of prices Saturday on the Chicago Board of Trade:

				——Closing——	
				Saturday,	Friday,
Wheat—Open.		High.	Low.	Mch. 8.	Mch. 7.
March..	$ .75	$ .76	$ .75	$ .75⅛	$ .75¼
May	.77⅛@77¼	.78	.77	.77¾	.77¾
July	.77⅛@77⅜	.78⅛	.77⅛	.78⅛	.77¾
Sept	.77@77⅛	.77⅜	.77	.77⅜	.77⅛
Corn—					
March..	.....	.....	.....	.60¾	.60¼
May	.62⅛@62¼	.62⅛	.62⅛	.62¼	.62⅛
July	.61¾@62	.62⅛	.61¾	.62⅜	.61⅝
Sept	.59⅞@60	.60¼	.59⅞	.60⅜	.59¾
Dec.....	.49	.49¼	.49	.49¼	.48¾
Oats—					
March..	.....	.....	.....	.43⅜	.43¼
May	.44⅜@44½	.44¾	.44⅜	.44⅝	.44⅛
July	.35⅝@35¾	.36	.35⅝	.35⅞	.35⅝
Sept	.30⅝@30¾	.30⅞	.30⅝	.30¾	.30⅝
Flax—					
May	.....	.....	.....	1.72	1.72
Pork—					
March..	.....	.....	.....	15 10	15.20
May	15.32½	15.32½	15.25	15.30	15.40
July	15.50	15.52½	15.42½	15.47½	15.57½
Lard—					
March..	.....	.....	.....	9.27½	9.30
May	9.42½	9.42½	9.37½	9.42½	9.42½
July	9.52½	9.52½	9.47½	9.52½	9.55
Sept	9.62½	9.62½	9.62½	9.62½	9.67½

Persons who buy grain or other provisions believing that they will sell for a greater price in the future, are called

bulls. This name came to be applied to such operators on the board because of the tendency of a bull to elevate everything with which he comes in contact. Those traders who sell provisions believing that prices will decline in the future are called *bears.*

We often read comments in the newspapers on the market prices as they go higher or lower, and such statements may be seen as the following: "The bulls had things their own way to-day," which means that prices had an upward tendency; or "The bears had their inning," indicating a falling market.

The opening, high, low, and closing prices of commodities are usually given. (See Form CXXXIV.)

125. Inspection and Grading. The prices of provisions dealt with on the board of trade are regulated, as are the prices on commodities sold in other places, by the demand and the supply ready to fill such demand. The grain and provisions sold on all regular boards of trade are inspected and graded by experts, who are either appointed by the board or by the state governments.

In some cases such inspection is regulated by statute and carried on by officers of the state. Grain is graded according to its nearness to or remoteness from a certain standard, as No. 1, No. 2, No. 3, No. 4, or "sample grade," as the case may be. No. 1 is the best and "sample grade" the poorest quality. In some states four grades of wheat and corn have been decided upon, five of barley, five of oats, and three of rye. The quality is determined by the size, color, and fullness of the kernel, together with its weight, dryness, and freedom from dirt. This grading of grain greatly facilitates trade, because it establishes a basis of comparison for both buyer and seller.

125 a. Bucket Shop. The Chicago Board of Trade has been declared by the Supreme Court of the United States a legitimate and desirable organization, as a large portion of the grain of the United States passes inspection in Chicago and is handled on the board of trade.

But there are organizations of men formed purely for speculating in the future rise and fall of prices of commodities that have no connection with the board of trade and buy and sell no grain. These organizations, called *bucket shops*, have been declared illegal by the courts, over three thousand of them being closed in the years 1908–1911 by the United States government authorities because they had no legitimate trading functions and were gambling organizations.

126. Stock Companies. When several persons desire to organize a company other than a partnership, they come together and make out a statement to the effect that they desire to organize such a company, stating its name, the place and kind of business they wish to transact, together with the amount of capital and the division of this capital in the form of shares. This certificate is then sent to the Secretary of State, who will grant them a charter which defines their rights and powers.

The money or capital of the company is called the *capital stock*, and this stock is divided into *shares* of equal amounts. The usual par or face value of a share is one hundred dollars.

Every person who joins the company, or, in other words, subscribes and pays for stock, receives a *certificate of stock* showing the amount of his holdings, and he is called a *shareholder* or *stockholder*. These certificates of stock may be transferred from one person to another by indorsement. Each shareholder has voting power in the company or corporation according to the number of shares he holds.

If the company makes profits, they are divided among the stockholders according to the number of shares held by each, and such divided profits are called *dividends*. Dividends are declared on a percentage basis; *i. e.*, a certain number of hundredths of the capital stock. Dividends are declared quarterly, semi-annually, or annually.

127. Stocks and Bonds. Stocks are of two kinds, preferred and common. *Preferred stock* is that which entitles the owners to dividends out of the net profits in preference to the common stock. *Common stock* entitles the owners to an equal proportionate dividend of the corporate profits and assets, with one shareholder or class of shareholders having no advantage, priority, or preference over another. Dividends are declared first on the preferred then on the common stock.

Should a stock company wish to borrow money for any purpose, as, for example, to increase its plant or to acquire more money to carry on the business, it may issue *bonds* or certificates of indebtedness, bearing interest. These bonds may be transferred the same as stock. They are issued for a number of years and have coupons attached which are cut off at stated intervals and presented to the officers of the company for the payment of interest. Bonds are secured by a mortgage or trust deed on the property of the corporation. A sum is usually set apart annually to redeem or pay for these bonds when they become due. This sum is called a *sinking fund*. The owners of these bonds run less risk of loss than the shareholders, for the bonds bear interest whether the company is able to pay dividends on its stock or not. If the company is very successful, however, the shareholders may fare better than the bondholders, for the latter are entitled to the interest stipulated in the bond only, while

the shareholders may receive large dividends. The United States Government issues bonds from time to time; that is, it borrows money and issues certificates of indebtedness which bear interest for the amount. These bonds usually bear interest at 2, 3, or 4 per cent, and are called *Government two's*, *three's*, and *four's*.

128. Stock Exchanges. Stocks and bonds, especially of the larger corporations, are frequently bought and sold, and in order to have a place where people wishing to buy and sell can come together, *stock exchanges* have been formed in the leading cities of this and other countries. The principal stock exchange in the United States is the New York Stock Exchange in New York City. There the members buy and sell stocks and bonds for themselves and others, the same as grain and other commodities are bought and sold in the Chicago Board of Trade. The market prices of these stocks and bonds are quoted in the financial columns of our daily papers, as are the different prices of other commodities.

In the table of prices on page 193 it will be noted that both the common and preferred stocks are quoted, and also that some of them, as, for example, the Colorado & Southern, have first and second preferred stock. The abbreviation used to distinguish the preferred from the common stock is *pfd.* All stocks not otherwise marked are common stocks.

129. Of the Quotation's Value. The value of the stocks quoted on the following page depends upon a number of considerations, some of which are the reputation of the managers of the various corporations, the amount and regularity with which dividends have been paid in the past, the amount of bonds outstanding, the earning capacity, present and prospective.

Form CXXXV.

RANGE OF PRICES ON THE NEW YORK STOCK EXCHANGE

The following table shows the range of prices on the New York Stock Exchange March 8, the number of shares traded in each stock, and the net changes from the closing prices March 7, 1903:

STOCKS.	Sales	Opening.	Highest.	Lowest.	Closing.	Changes.	Net Changes.	STOCKS.	Sales.	Opening.	Highest.	Lowest.	Closing.	Changes.	Net Changes.
Am. Sugar	4,900	127⅞	127½	126⅝	127	—	¾	M., K. & T. pf	800	53⅞	53⅞	53¾	53¾	—	1⅛
Am. Loco	800	32⅝	32½	32¼	32⅜	+	⅛	Met. St. Ry	800	167¾	168	167¾	168		....
Am. Cot. Oil	1,700	42	42	41⅛	41¼	—	¾	Mex. C. (Ltd.)	1,100	28½	28¾	28½	28¾	+	¼
Do pfd	200	92½	92½	92⅛	92¼	+	⅛	Mo. Pacific	6,000	99¼	99⅞	99⅛	99⅜	+	⅛
Am. Smelting	400	46¼	46¼	46¼	46¼	+	⅛	Mex. N. ctfs	17,300	20⅝	20½	20	20	—	⅛
Do pfd	100	98¾	98¾	98¾	98¾	+	¼	Do pfd	7,100	44⅝	44¾	44¼	44¼	+	⅛
Am. Gr. Tw	900	51⅞	52	51⅞	51⅞	+	⅛	M. & St. L	2,300	111⅛	113	111⅛	111½	+	⅜
Am. Linseed	900	22⅝	22⅝	22½	22⅝	—	⅛	Nat. Biscuit	100	47½	47½	47½	47½		....
Do pfd	100	55⅞	55⅞	55⅞	55⅞	+	⅛	National Salt	100	23	23	23	23		....
Am. Car Fdy	3,200	31½	31½	31	31⅛	+	⅛	N. Y. Central	600	162⅞	162⅞	162⅜	162½	—	¼
Do pfd	100	89⅜	89⅜	89⅜	89⅝	—	⅛	Norfolk & W	400	56⅞	56⅞	56¾	56¾	—	¼
Am. Ice	2,700	27¾	27¾	27	27⅛	—	⅛	Do pfd	100	91	91	91	91		....
Do pfd	600	65¼	65¼	65	65¼		....	North Am. Co	1,700	94	96	94	95½	+	1¼
Atchison	2,000	75½	75½	75	75¼	—	⅛	N. Y., O. & W	600	33	33	32⅞	32⅞	—	⅛
Do pfd	9,000	96½	96⅞	96¼	96⅜	—	⅛	N. Y., C. & S. L	100	50½	50½	50½	50½	—	⅛
Anaconda	600	33	33¼	32⅞	32⅞	—	⅛	N. Y. Dock pf	200	40	40	40	40		....
Amal. Copper	13,000	68⅞	69⅜	68⅝	69⅛	+	¼	P. & Eastern	100	42¼	42¼	42¼	42¼	+	⅛
Bkln. R. T	1,000	64	64½	64	64		....	Peoples Gas	400	99½	99½	99⅛	99½		....
B. & O	4,000	105⅛	105¼	104⅝	104⅞	—	⅜	Pa. R. R	12,900	152	152¼	151⅛	152	+	¼
C. & N. W	1,100	230	230	229	229	—	⅛	Pacific Mail	2,700	47¾	48⅞	47¾	48	+	⅛
Chi. & Alton	1,300	36⅛	36⅜	35¾	35¾	—	¼	Pressed Stl. C	300	40	40	40	40		....
C., M. & St. P	3,300	163⅞	164¼	163⅞	163⅞		....	Do pfd	100	83½	83½	83½	83½	—	⅜
C., St. P., M. & O	100	153	153	153	153	—	2	Pacific Coast	1,000	74	75½	74	74¾		....
C., R. I. & P	4,400	165½	167	165⅛	166¼	+	1⅛	Do 2d pfd	600	80⅞	82½	80⅞	82¾		....
Chi. Term	300	17¼	17¼	17¼	17⅜	+	⅛	Quicksilver	700	4	4⅞	4	4⅜		....
Do pfd	100	33½	33½	33½	33½	+	1	Do pfd	600	11	11¼	11	11¼		....
Can. Pacific	1,100	113	113¾	113	113	+	⅛	Reading	3,400	54¼	54⅝	54¼	54⅝	+	⅛
Cn. Gas (N.Y.)	2,000	221¾	221¾	220⅛	221	—	⅛	Do 2d pfd	3,300	66¼	66⅝	66	66⅝	+	⅜
Colo. & So	7,800	26¼	26¼	25⅞	26⅛	—	⅛	Rubber Goods	1,100	19⅝	19⅞	19⅝	19⅝	+	⅛
Do 1st pfd	800	71	71¼	71	71¼	+	⅛	Rep. Iron & S	8,700	17⅛	17⅞	17⅛	17⅝	+	⅜
Do 2d pfd	1,200	42⅞	42⅞	42¼	42⅜	—	⅛	Do pfd	7,400	72½	73½	72	72½	+	⅛
C., I. & L	1,500	64¼	64½	64¼	64¼		....	Rutland pfd	200	116½	116½	116¼	116¾	—	⅛

It will be noted that some of the stocks sold at very much above par—the Chicago & North Western Railroad at two hundred and thirty dollars ($230) per share, and the Consolidated Gas Company of New York at two hundred and twenty-one dollars and seventy-five cents ($221.75) per share; *i. e.*, one share of Consolidated Gas stock was one hundred and twenty-one dollars and seventy-five cents ($121.75) above par. It will also be noted that others sold at very much below par. Quicksilver stocks sold at four cents ($.04) on the dollar or at four dollars ($4.00) a share, and Chicago Terminal stock sold at seventeen and three-fourths cents ($.17¾) on the dollar.

In the following quotation of bonds the interest is given, as, Northwestern Elevated 4's, meaning the Northwestern Elevated Railroad bonds bearing 4 per cent interest.

Form CXXXVI.

PRICES OF BONDS

Chicago Gas 5s	109¼	109¼	109¼	109¼
Northwestern Elevated 4s	98¾	98⅞	98⅝	98⅝
West Chicago con. 5s	100½	100½	100½	100½
Met. Elevated gold 4s	101½	101¾	101½	101¾
Consumers' Gas 5s	108	108	108	108
Lake Street deb. 5s	103⅛	103¼	103⅛	103⅛
Con. Traction 4½s	70	72	70	72
North Chi. City Ry. 4½s	106¼	107	106¼	107
Pearsons-Taft 4.40s	99¾	99¾	99¾	99¾

QUESTIONS ON CHAPTER X.

1. From what source are the market quotations given in the newspapers derived?

2. What is a board of trade?

3. Is there any difference between a board of trade and a stock exchange?

4. Of what use is a board of trade?

5. What is cash grain? What is "dealing in futures"?

6. What makes the changes in prices of commodities bought and sold in the market?

7. Who can buy and sell on the floor of the board of trade?

8. What is a broker?

9. What is meant by the term "bear"? By "bull"?

10. How many grades of wheat are there in some grain markets? How many of corn? How many of oats and rye?

11. What is meant by capital stock? By par value of stock?

12. What is meant by dividends?

13. What determines the value of stocks and bonds sold in the market?

14. What is common stock? What is preferred stock?

15. Does capital stock draw interest?

16. Where is the leading stock exchange of the United States?

17. Of what value are boards of trade and stock exchanges to a community?

18. Telegraph your broker in Chicago to buy for you 50,000 bushels of corn.

General Review Exercises.

1. What is the usual size of a sheet of paper for a business letter? How should it be folded?

2. What is meant by the address of a letter?

3. What is the salutation?

4. What is the phrase "Yours truly" called when placed at the end of a letter?

5. What is a telegraphic code?

6. What advantage is there in using these codes?

7. Are the words in the address and signature of a telegram counted in the cost for sending the message?

8. After sending a customer an invoice of goods purchased by him, you find that you have made a mistake in the footing, and the amount is $10.00 too much. Would you send him a corrected invoice or a credit memorandum for the amount?

9. What is a check? Is it legal tender?

10. What advantage is there in having a check certified?

11. What is meant by the term "ironclad note"?

12. What is a collateral note?

13. You wish to send a package by express C. O. D. to H. G. Hulbert, Stillwater, Minn What papers are you required to make out? What is the express agent required to do?

CHAPTER XI.

PARTNERSHIP, INSURANCE

130. Partnership. A *partnership* is an association of two or more persons for the purpose of carrying on business. Each member of the firm should contribute something toward the success of the enterprise, but it is not necessary that each contribute an equal amount of capital, nor need their investments in the enterprise be all of the same kind. Sometimes one will invest capital without undertaking any personal service, while others contribute labor or experience. The division of the profits is usually in proportion to the value of that which each partner puts into the business. If there be no special agreement among the members as to the division of the profits, the law will presume that the partners intend to divide the profits equally.

When a partnership of two or more individuals is formed, the agreement which they enter into regarding matters of detail should be in writing. Although there is no provision of law which positively requires that an agreement for a partnership should be in writing, there are many matters pertaining to any business which may cause dissatisfaction among partners, and it is best in all cases to have a written agreement specifying the kind of business in which the firm is to engage, the names of the parties, and the period during which

the partnership is to last, the amount which each partner is to contribute to the business, the nature of the duties which any of them undertake to perform, and any other matters of moment pertaining to the business.

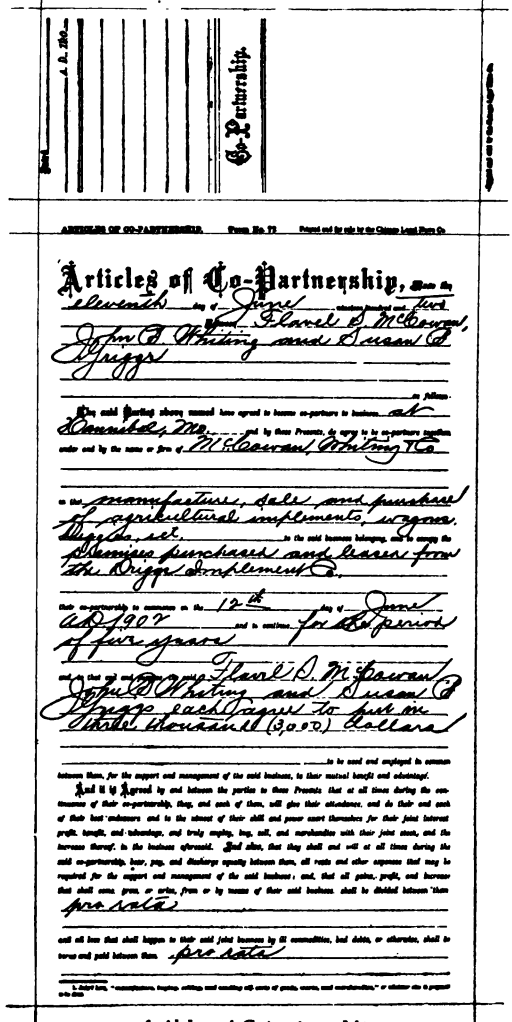
The duration of the partnership should be specified, because if that is not done any partner may withdraw when he chooses, although he could not, by withdrawing, rid himself of any responsibilities which had already been incurred. (See § 133.) If one of the partners dies, the firm is dissolved, unless the others agree to continue the business.

If the profits of the firm are not to be divided equally among the partners, the manner of their division should be clearly stated.

131. Silent and Nominal Partners. Sometimes a person invests capital in the business, but takes no active part in its management. Such a person is called a *silent partner*. He usually has a share in the gain, and is as fully responsible for the debts of the firm as though he took an active part in the management of the business.

Sometimes a person lends his name to a partnership for the purpose of giving credit to the business, and he is then said to be a *nominal partner*. Although he has no capital in the business and gets no profit out of the transaction, he is responsible for the obligations of the firm, because those who do business with the firm are perhaps induced to do so on account of his connection with it. It is not a common occurrence for a person to become a nominal partner, and he does so only as an unusual accommodation to his friends, having implicit faith in the honesty and integrity of the other partners, just as a man has who signs for a friend an accommodation note.

Form CXXXVII.



Co-Partnership.

ARTICLES OF CO-PARTNERSHIP. Form No. 72 Printed and for sale by the Chicago Legal Form Co.

Articles of Co-Partnership, Done this eleventh day of June A. D. 1907 between Flavel D. McGowan, John B. Whiting and Susan B. Griggs as follows.

The said Parties hereto have agreed to become co-partners in business at Hannibal, Mo. and by these Presents do agree to be co-partners together under and by the name or firm of McGowan, Whiting & Co. in the manufacture, sale and purchase of agricultural implements, wagons, &c. &c. to the said business belonging, and to occupy the premises purchased and leased from the Origg Implement Co.

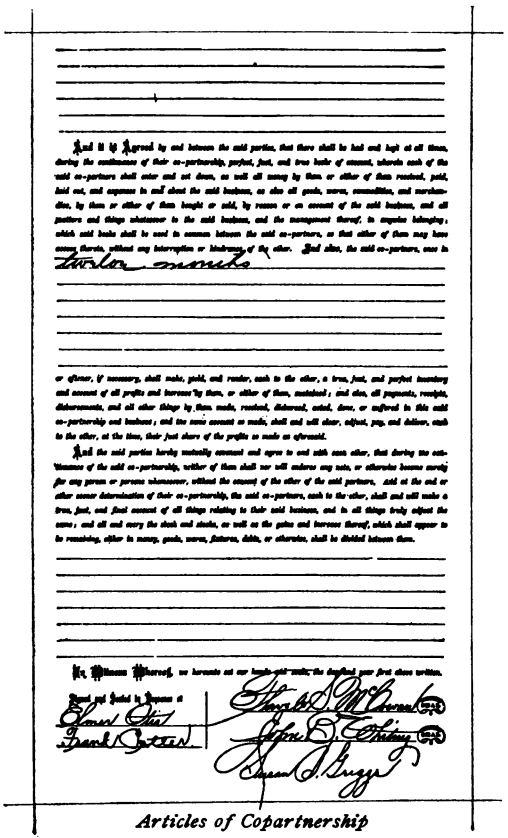
Their co-partnership to commence on the 12th day of June A.D. 1907 and to continue for the period of five years and the said parties hereto Flavel D. McGowan, John B. Whiting and Susan B. Griggs each agree to put in Thirty Hundred (3,000) Dollars to be used and employed in common between them, for the support and management of the said business, to their mutual benefit and advantage.

And it is Agreed by and between the parties to these Presents that at all times during the continuance of their co-partnership, they, and each of them, will give their attendance, and do their and each of their best endeavors and to the utmost of their skill and power exert themselves for their joint interest profit, benefit, and advantage, and truly employ, buy, sell, and merchandize with their joint stock, and the increase thereof. In the business aforesaid. And also, that they shall and will at all times during the said co-partnership, bear, pay, and discharge equally between them, all rents and other expenses that may be required for the support and management of the said business; and, that all gains, profit, and increase that shall come, grow, or arise, from or by means of their said business shall be divided between them pro rata and all loss that shall happen to their said joint business by ill commodities, bad debts, or otherwise, shall be borne and paid between them pro rata

1. Insert here, "manufacturers, buying, selling, and exchanging all sorts of goods, wares, and merchandizes," or whatever else is agreed upon.

Articles of Copartnership

Form CXXXVIII.



Articles of Copartnership

132. Liability of Partners. In all matters of ordinary business, each partner has authority to act for the firm, and his acts will be binding upon the firm; but this would apply only to transactions in their regular line of business. One partner cannot execute a bond by which the firm becomes a

surety, or make a deed of real estate belonging to the firm, or confess judgment in the name of the firm, unless his associates concur with him.

Every partner in an ordinary firm is liable, together with the others, for the whole indebtedness of the firm, and if a firm becomes embarrassed so that it cannot pay its creditors in full, they can proceed against the firm and take any real or personal property belonging to it which can be found. If there is not a sufficient amount of property belonging to the firm to pay its indebtedness, they can collect from the private property of any or all of the partners.

If one of the partners of a firm becomes privately indebted so that he cannot pay his creditors in full, they can get judgment against him and take such of his property as is not exempt from execution, and if there is not a sufficient amount of his private property to pay his indebtedness, they can take proceedings to have the interest which he holds in the firm applied to the payment of his debts. But they could not take in execution any specific piece of property belonging to the firm, as his share, and apply it to the payment of his debts. An accounting must first be had, showing how much the firm is owing him as his share in the business, and this must be done in a manner prescribed by law.

A new partner admitted into the business is not responsible for the debts of the old firm unless he has previously agreed to become so responsible.

133. **Methods of Dissolution.** A partnership may be dissolved by mutual agreement of the partners or by a decree of a *court of equity*.

If one of the members of a firm should conduct himself in such a way that the firm is likely to become financially

embarrassed, and should refuse to agree to a dissolution of the partnership, the partners wishing to have the partnership closed up may apply to a court of equity for a decree of dissolution.

A member of the firm cannot withdraw from the partnership at any time he chooses to do so and thus rid himself of any obligation or indebtedness which the firm has already incurred. Some provision must first be made for paying the debts of the firm.

If a member of the firm withdraws from the partnership, he should, in order to protect himself from any obligations which the firm may incur after he has retired, publish a notice of his withdrawal in the newspapers, and he should also send a notice to those with whom the firm has been doing business.

Form CXXXIX.

NOTICE OF DISSOLUTION

The copartnership heretofore existing between R. Blair and L. Allen, under the firm name of *Blair & Allen*, is this day dissolved by mutual consent.

The business will be continued by R. Blair, who is authorized to settle the accounts of the late firm.

August 10, 1901.

R. BLAIR.
L. ALLEN.

134. Limited or Special Partnership. The laws of many of the states provide for a *limited* or *special partnership*. This is an arrangement by which a person can put a certain amount of money into a business and receive a proportion of the profits without being liable to lose any more money than he has invested in the business. A partnership of this kind can be formed only under positive statutes.

135. Insurance. *Insurance*, although known to the ancients, has had its principal development during modern times. It was first applied to shipping. The fear of partial or total loss of a cargo, through the action of the elements or foes on the high seas, tended to check the growth of commerce. Few people were so wealthy that they alone could afford to suffer the great loss of a ship and cargo. By dividing the risk among many, it was seen that the proportion of loss to each might be small. Associations were formed for the purpose of protecting the members from losses of this nature, and out of such associations have grown the modern insurance companies.

The insurance business has grown to mammoth proportions during the last century, until now no prudent man will allow his property to be without the protection of insurance. The object of insurance, then, is to distribute any losses which may occur to one or more persons among a great many persons, and to scatter a large number of risks over a wide territory and during a long period of time, so that the loss to each person will be small.

Example: Suppose that one hundred buildings out of every five thousand should burn every year. No one can tell which hundred this will be, but if each owner of the five thousand buildings pays his *pro rata* share of the value of the one hundred buildings, the loss will fall but lightly on each, where otherwise some might be totally ruined.

Insurance may be defined as a contract whereby one person agrees to protect another against loss. The written contract by which one guarantees to protect another is called a *policy*, and the amount paid for such a guarantee is called the *premium*. Both parties are bound by the conditions named in the policy.

136. Fire Insurance. There are many kinds of insurance and a great variety of risks. The farmer sometimes insures his property against loss by storms; the manufacturer against loss by boiler explosions; the banker against loss from a robbery; but the most common kinds of insurance are fire insurance, life insurance, and marine insurance. The most important of all these is *fire insurance*, and as the underlying principles are the same for all, we will consider at length only this most common form.

By a careful compilation of statistics, insurance companies are enabled to determine approximately what the fire loss will be for a certain year and upon certain classes of property, if there are no extraordinary conflagrations. The rates of insurance are based upon this estimate and the sums so collected, though small in each particular case, reach large proportions in the aggregate. A portion of the amounts collected in premiums is applied to the paying of losses. An effort is made by insurance companies to keep the sum collected very close to the actual loss. The profit to all companies doing business in the United States for the past ten years, on insurance written, has been one-third of a cent out of each dollar received. In other words the people of the United States have received their insurance practically at cost.

137. Classes of Companies. There are two general classes of companies, *mutual companies* and *"Old Line" companies.* In the former, each person insured is a shareholder, and the losses are apportioned among them according to the amount of loss suffered by such shareholders. In the "Old Line" companies, a company is formed whose shareholders assume all liability for loss and reap all the gain, if there be any. The "Old Line" companies depend for their profits for the

most part on the interest of the money paid them in premiums. For example, should the premiums paid in to such a company equal $1,000,000 a year, this company would have the use of approximately $500,000 a year. This money is invested by the companies in the best securities and yields them a fair interest. Thus we see that insurance is of advantage to both parties. It relieves the person who takes out the policy of a risk he would otherwise have to assume and leaves a margin of profit for the insurer on account of the risk of loss he takes.

138. Policies. Policies of insurance are of two kinds, *open* and *valued*. The usual form of policy is the open policy, which leaves the question of value to be determined after the loss has occurred. Some states, however, have by law declared all policies on buildings to be valued policies, which means that the value of the property insured is fixed at the time of writing the policy, and that that amount must be paid whenever a total loss occurs regardless of whether or not it can be shown that the building may be replaced for a less amount. These laws have been strenuously opposed by the insurance companies because they claim that it puts a premium on crime, for, should a building be insured for more than its value, the owner might be tempted to destroy the building in order to secure the amount of the policy.

The policy holder must have an *insurable interest* in the property he insures or the policy is void. Insurable interests are of many kinds. Whoever owns property or has any interest in it, or stands in the nature of a trustee, executor, or administrator, or is a mortgagee or part owner, may insure it for that interest. The law will not permit one to insure property for a greater amount than his insurable interest. If

he owns a house, he may insure it for its insurable value. If he owns any portion of a piece of property, say one-half, he may insure for that portion, but that portion only.

139. **What Policies Contain.** The policies in a fire insurance contract, although there are usually a multiplicity of conditions, always contain the following principal elements:

1. A description of the property insured.
2. The amount for which the insurance policy is given.
3. The length of time the policy is to run.
4. The amount of premium to be paid.

If the property insured is a building, the description includes the location, the materials of which it is constructed, the way in which it is heated and lighted, the location of the nearest buildings and the materials of which they are constructed, the use to which the building is to be put, the interest of the insured and the mortgages, if any, that are carried on the property, and the amount, if any, of insurance already carried.

If it is personal property that is insured, a general description of the property is given, and its value; also the kind of building in which it is placed, with a description of the surrounding buildings, as above.

There is usually, also, a clause forbidding the storage of explosives, such as gunpowder and dynamite, excepting very small quantities, or inflammable oils, such as kerosene, gasoline, or benzine, in the building or within a certain distance of the building, excepting such an amount as shall be necessary for lighting or heating. This clause does not prevent persons in business from selling gunpowder and inflammable oils in the way of trade, because the insurer is supposed to know the nature of the business before he issues the policy.

140. Forms of Risks. In fire-insurance policies the *risk* taken by the insurer is the danger of loss by fire and does not include loss by lightning or wind storms unless such loss causes fire, or is particularly provided for in the policy. It does, however, include the damage sustained by putting out a fire. This is very often greater than the loss actually caused by the fire itself.

As so many elements enter into an insurance policy, it may be readily seen that anything which tends to alter the risk will be of supreme importance to the insurer. Therefore, any alteration of the building, or change in surrounding buildings, or in the use to which the building is to be put, would change the risk. A change in the ownership of such building would also change the risk. A change of the risk must have the assent of both parties, since an insurance policy is a contract. The insurance company should, therefore, be immediately notified of any contemplated changes in order that the policy may not be rendered void.

Should an insured building be vacant for any length of time, the insurer should be notified. Vacant buildings are very hazardous risks, because they are earning nothing for the owner and it is presumed, and the presumption is based on experience, that unproductive buildings are more likely to be set on fire than those which are earning something for the owner. So also, if a building is sold, the policy becomes void unless the company is notified, because the risk is changed; and furthermore, because the insured has no insurable interest in it.

141. Protection from Fraud. It is of the utmost importance to the community as well as to the insurer, that, in the event of total loss, the insured must himself suffer loss.

Therefore, policies are never knowingly written for the full value of the property insured. If it is insured to the full value, the owner may be tempted to commit fraud or crime in order to reap the benefit of his insurance.

Insurance companies usually ask the applicant many questions concerning the building, its contents, the interest of the insured in the building, etc., and the applicant must give a truthful answer to these inquiries in order to hold the companies responsible. These answers, or warranties, are made a part of the policy, and should they prove untrue, whether knowingly false or not, they will affect the validity of the policy, provided they are of a material nature. The intentional withholding of facts that would affect the risk would also render the contract voidable; that is, would allow the insurer to declare it void should loss occur.

142. **Proportion of Insurance to Value.** The amount for which property is insured, or an insurance policy is written, merely represents the maximum amount the insurer is willing to pay should a loss occur. The amount, however, is the sum on which the premium is based, and should only a partial loss occur, the insured is the loser of a proportion of his premiums. It is a full and complete protection to the property for that amount, and, should the property be totally destroyed, the insured would receive full compensation. But if only a partial loss occurs, the insured will be reimbursed for the actual loss as ascertained by appraisers after the fire. The policy will continue in force on the uninjured portion for the amount less the insurance paid.

Example: If a man insures a building worth $2,500, for $1,500, and a loss occurs amounting to $1,000, the insurance company can only be held for the loss of $1,000, and the remainder of the policy

would be in force for $500. Should the building be totally destroyed, the owner will suffer a loss of $1,000, for the company cannot be compelled to pay a greater amount than the policy calls for.

Most insurance policies contain a provision that the insurers may rebuild the building destroyed or replace a stock rather than pay the cash value of the loss to the insured. Thus, if an insurance company suspects that a man has burned his building for the purpose of collecting the insurance, the company can rebuild at, perhaps, a less amount than the policy called for.

Some policies require that the owner shall exercise due diligence in protecting his property from fire. Thus, if the owner should discover a blaze of such insignificant proportions that it could easily be extinguished, and should fail to extinguish it, though fully within his power, and the property insured should be destroyed, the owner could not recover from the company, because of his failure to exercise due diligence. Should the owner of insured property injure or destroy such property in attempting to save it from destruction by fire, the company would be liable for such injury. So the insurers are liable for loss or injury sustained by the blowing up of buildings to prevent the progress of fire, but not for a loss which cannot be directly traced to the fire.

143. Duration of Policies. Policies usually run for one, two, three, or five years, and the very hour of day on which they are to expire is indicated. Policies are usually written to expire at twelve o'clock noon by standard time. Agents of the companies usually notify the insured of the expiration of the policy some time before such expiration. Should the insured wish to renew his policy in the same company, an

entirely new policy is written, to the conditions of which the insured agrees.

All persons buying insurance protection should read their insurance policies before accepting them. Many more conditions than those named above are inserted in policies, and one should be careful to know their nature, because, on the compliance with these provisions will depend the ability of the insured to collect the amount in case of loss.

Questions on Chapter XI.

1. What is a partnership?

2. What may the several partners contribute?

3. Need an agreement for a partnership be in writing?

4. If there is no special agreement as to the division of profits, how are they divided?

5. Why is it necessary to state in the agreement what length of time the partnership is to last?

6. What is a nominal partner?

7. If one member of a firm dies, does that dissolve the partnership?

8. Are the acts of each partner binding upon the firm?

9. How may a partnership be dissolved?

10. Can one member of the firm withdraw at any time and thus rid himself of any indebtedness of the firm? What must first be done?

11. What is the use of publishing a notice of dissolution of a partnership?

12. What is a limited partnership?

13. What is meant by insurance?

14. How many kinds of insurance are there?

15. What is a mutual insurance company?

16. What is the difference between a mutual insurance company and a corporation or "Old Line" company?

17. What is meant by a policy?

18. What is meant by a premium?

19. What is meant by an open policy?

20. What is meant by a valued policy?

21. May a person have property which is not his own insured?

22. Are policies ever written for the full value of the property insured?

23. What does the description of property insured include?

24. Is it necessary to notify the insurance company if the premises are at any time vacant or unoccupied?

25. Will an insurance company knowingly insure property for its full value, and if not, why?

26. Write a letter to a local insurance agent telling him that you desire to make some additions to your building which is insured in his company.

General Review Exercises

1. In indorsing checks, what form of indorsement is most frequently used?

2. Name two other kinds of indorsement.

3. Define a bill of exchange.

4. You draw a draft on T. J. Whitman, Nashville, Tenn., for amount of his account, and the draft is returned to you unpaid. Write him, asking for an explanation.

5. You receive a letter from one of your customers in which he claims that the goods recently received from you were of inferior quality, and asks for a rebate of $10.00. Write a polite letter in reply declining to grant his request.

6. Give an example of stoppage *in transitu.*

7. What is the difference between a railroad bill of lading and a railroad expense bill?

8. What special form of invoice is required when goods are exported to Canada?

9. When goods are exported from the United States, a statement must be furnished by the shipper showing the kind and value of the goods. What is this statement called?

10. Of what use is this statement?

11. Will express companies undertake the collection of accounts?

12. Is that a good way to make collections?

13. What is a tenant?

14. Why is it necessary that a lease of property for more than one year be in writing?

15. What is the person called who gives the lease?

16. What is the person called to whom the lease is made?

17. What is a guaranty?

18. You sell a bicycle to Harry G. Smith. Write a bill of sale for him.

19. Name some things which are necessary to the validity of a contract.

20. Name some contracts which would not be binding.

21. Would a contract made by a drunken person be binding upon him?

22. Name some cases in which a writing is necessary to make a sale binding upon both parties.

23. In sales of what amount does the law generally require a writing?

24. A dealer in buggies and wagons sells a wagon for $49.00 to a farmer who promised to take the wagon, but no money was paid down and no written contract was made; is the farmer

obliged to take the wagon? If the wagon had been sold for $60.00, and no written contract was made, how could the contract have been made binding?

25. A man sells goods for cash and the buyer cannot at once pay cash as agreed; what can the seller do?

26. If a man sells goods on credit and the buyer fails to pay as agreed, can the seller take the goods back without the buyer's consent? What can he do?

27. A wholesale dealer sells goods and ships them to the purchaser by freight, and before the goods reach their destination the seller learns that the buyer is bankrupt; can he stop the goods, and if so, how?

28. What is stoppage *in transitu?*

29. Is a railroad company obliged to hold goods when ordered to do so by the shipper?

30. What is a common carrier?

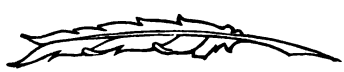
31. Is a common carrier obliged to carry any and all goods offered?

32. Is a common carrier responsible for the goods while in his possession? Suppose the goods were destroyed by fire, would the common carrier be obliged to stand the loss?

33. Name some ways in which a partnership can be dissolved.

34. What is a limited or special partnership?

35. Can persons become limited partners in a firm simply by agreeing to be regarded as such?



CHAPTER XII.

DEEDS, MORTGAGES

144. Deeds. When a person buys real estate, he usually receives from the person selling the property, a *deed*, which is a written instrument showing that the title to or interest in the property has been transferred from the seller to the buyer; and before the deed is signed and delivered, it is important to the seller, as well as to the buyer, to know that the seller has a good title to the property. This is a matter of so much importance that, as a rule, the title should be examined by some one who has a thorough knowledge of real-estate law. It is better to employ a good lawyer, at considerable expense if need be, than to have any uncertainty in reference to the title.

145. Abstracts of Title. The person who expects to buy the property should require the seller to furnish him with an *abstract of title*, as this is of the utmost importance in determining the validity of the title. An abstract of title is a brief memorandum taken from the records, and showing the history of the title from the United States Government to the date of the examination. Abstracts of title are generally prepared by the recording officer or by other persons who make it a business to do such work. The seller of the property should also furnish the purchaser with a certificate

Form CXL.

WARRANTY DEED—Corporation. (1) GRAND RAPIDS & INDIANA R'Y. Co., Kalamazoo, Mich. 1907

This Indenture, Made this 24th day of February in the year of our Lord one thousand nine hundred and two

BETWEEN Ferdinand Schenck and Julia M. Schenck his wife of the Township of Hesperia in the County of Barry and State of Michigan of the first part, and William S. Howard of the City and County of Kalamazoo, State of Michigan of the second part.

WITNESSETH, That the said parties of the first part, for and in consideration of the sum of Three thousand two hundred dollars ($3,200.00) to them in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged do by these presents grant, bargain, sell, remise, release, alien and confirm unto the said party of the second part, and to his heirs and assigns, FOREVER, All that certain piece or parcel of Land, situate and being in the Township of Richland, County of Kalamazoo and State of Michigan, and described as follows, to-wit:

The East half of the Southeast quarter of Section One (1) Town One (1) South Range Ten (10) West Containing eighty (80) acres of land more or less excepting and reserving therefrom six (6) acres described and follows, to wit: Commencing at the South East corner of said Section One (1) thence West twenty four (24) rods thence North parallel with the east line of said Section forty (40) rods thence East parallel with the South line of said Section twenty four (24) rods and thence South on the east line of said Section forty (40) rods to the place of beginning

Together with all and singular, the hereditaments and appurtenances thereunto belonging or in anywise appertaining; To Have and to Hold the said premises, as above described, with the appurtenances unto the said party of the second part, and to his heirs and assigns, FOREVER. And the said Ferdinand Schenck

Warranty Deed

Form CXLI.

party of the first part, Jacob Schmidt, his heirs, executors and his administrators, do hereby covenant, grant, bargain and agree, to and with the said party of the second part their heirs and assigns, that at the time of the ensealing and delivery of these presents, he is well seized of the above granted premises in Fee Simple; that they are free from all incumbrances whatever; and that he will, and his heirs, executors, and administrators shall Warrant and Defend the same against all lawful claims whatsoever.

In Witness Whereof, The said party of the first part ha hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in Presence of
H. R. Daylor.
Edith Reed Lowe

Frederick Schenck (SEAL)
Julia A. Schenck. (SEAL)

State of Michigan, } ss.
County of Kalamazoo }

On this 25th day of February in the year one thousand nine hundred and five before me, the subscriber a Notary Public in and for said County, personally appeared Frederick Schenck and Julia A. Schenck his wife

to me known to be the same person described in and who executed the within instrument, who severally acknowledged the same to be their free act and deed.

Walter R. Daylor
Notary Public.

Warranty Deed.
SHORT FORM.

Frederick Schmidt
TO

William S. Lamont

REGISTER'S OFFICE,
Kalamazoo County, } ss.
This Instrument was presented and received for Record, this 5th day of March A.D. 1902 at 10:30 o'clock A.M., (or a proper Certificate was furnished in compliance with Section 135 of Act 206 of Public Acts of Michigan of 1893, as amended by Act 154 Public Acts of Michigan of 1899), and Recorded in Liber 127 of Deeds, on Page 502.
John A. Brooke
Register of Deeds.

Warranty Deed (continued)

from the proper officer showing whether or not all taxes assessed against the property have been paid. Abstracts of title are not furnished in many of the older states where the origin of the titles antedates the existence of the United States Government.

In looking up the title, the records of the various instruments affecting the ownership of the property should be carefully examined, and if there have been any mortgages, attachments, liens, or tax-claims, it is important to see that they have all been properly discharged.

146. Title Guarantee Companies. In many of the larger cities there are companies who will undertake the examination of titles, and will issue policies guaranteeing the validity of the title. A *guarantee policy* is a binding agreement by which the company undertakes to defend at its own expense any litigation against the title insured by it. These companies employ examiners who have made a life study of real-estate law, and after they have examined the title, and the policy has been issued guaranteeing the validity of the same, the policy holder is protected, to the extent of the amount of the policy, by the company from any losses which may arise if the title should prove to be imperfect.

This is a form of insurance business which has reached large proportions in recent years.

147. Parties to a Deed. The person selling the land is called the *grantor*, and the person buying it is called the *grantee*. In order to have the deed binding upon the grantor, he must be twenty-one years of age or over, and be of sound mind. It is not necessary, however, that the grantee be of legal age or of sound mind in order to make the deed binding upon the grantor.

The laws of some states require that if the grantor be a married man, his wife shall sign the deed with him, for if she did not do so the grantee would not have a clear title. The grantor's wife would still have an interest in the property, which is called the *right of dower*. This right of dower is the right of the wife to use a portion of her husband's real estate as long as she lives after her husband's death; and if she survives her husband she may immediately institute proceedings to have her portion of the real estate set off to her own use during the remainder of her life.

If the grantor of the deed is a married woman, it is generally necessary that her husband should join with her in the execution of the deed, but this is not required in some states.

The deed should be written or printed, or it may be partly written and partly printed. Blank deeds may be purchased at almost any stationery store. It is much better for the ordinary person to use a printed form, because they have been drawn up very carefully by competent lawyers.

148. Forms of Deeds. Deeds are not all alike. They may be general warranty deeds, or special warranty deeds, or quit-claim deeds. But a purchaser of property always desires a *general warranty deed* if he can get it, for in a general warranty deed the grantor agrees for himself, his heirs, executors, administrators, and assigns, that, at the time of the ensealing of the deed, he is lawfully seized of the premises described in the deed, that they are free from all encumbrance, and that he will warrant and defend the grantee and his heirs and assigns against all lawful claims whatsoever.

In a *quit-claim deed* the grantor simply conveys any interest which he has in the property to the grantee. He does not warrant the title to the property, nor warrant the grantee

Form CXLII.

This Indenture Witnesseth, That

Adelbert Weaver, a single man

of the City of Elkhart of Elkhart County, in the State of Indiana,

CONVEY AND QUIT CLAIM

to Caroline Farnsworth

of La Grange County, in the State of Indiana for the sum of Six hundred and twenty-five DOLLARS, the receipt whereof is hereby acknowledged, the following REAL ESTATE in Elkhart County in the State of Indiana, to-wit:

The North-east quarter of the Northwest quarter of Section Six (6), Town Thirty-seven (37) North, Range Five East, containing forty (40) acres of land, be the same more or less.

In Witness Whereof the said Grantor has hereunto set his hand and seal this 18th day of January, 1902.

Adelbert Weaver (seal)

STATE OF INDIANA, ELKHART COUNTY, SS:

Before the undersigned, a Notary Public in and for said County, personally came Adelbert Weaver

and acknowledged the execution of the annexed Deed.

WITNESS my hand and Notarial Seal, this 18th day of January 1902.

Harrison Ford NOTARY PUBLIC

My commission expires Sept 20 1903

Quit-Claim Deed

against any other claims to the property. He quits his claim to it.

149. Special Warranty Deed. A *special warranty deed* covenants and warrants only against the acts of the grantor and those claiming under him.

150. Signing, Sealing, and Delivery. After the deed is properly drawn it is ready to be signed, sealed, and delivered to the grantee.

If the grantor is a married man, his signature should precede that of his wife. If either of them is unable to write, the signature may be made by a mark or cross, in the manner following:

Form CXLIII.

His
JOHN X SMITH.
mark.

Witness.....

The laws of some states require that deeds be signed by one or more persons as witnesses to the signature of the grantor, but in others no witnesses are required.

The *acknowledgment* is the act of admitting before a justice or notary public that the signatures are genuine and are voluntarily made. The notary public then stamps the document with his official seal and adds his written signature. This formal signing and sealing of the document by an officer of the law gives a certain solemnity and validity to the signatures of the grantor and grantee, and generally no other proof of the execution of the deed is required.

In some states it is necessary to have a paper or wax seal affixed to the instrument in order to make it legal, while in others a simple scroll of the pen or the letters L. S. are all that are necessary.

After the deed is signed, sealed, and acknowledged, it must be *delivered* to the grantee. This is absolutely necessary, for unless the deed is delivered it is of no value, even after it is signed before witnesses, and sealed and acknowledged.

The delivery of a deed means that the grantor must indicate by acts or words, or both, his intentions that the deed be delivered to the grantee. The grantor may direct the grantee to take the deed lying upon the table, and if the grantee takes it there will be a good delivery, and if the grantor throws the deed upon the table with the intention that the grantee shall take it, though nothing be said to indicate the intention, it will be a good delivery.

A man may make a deed for a piece of land which has already been paid for, and intend to deliver it at the first opportunity, but if he dies before doing so the deed is of no effect. A deed taken from a grantor by fraud, deceit, or compulsion is voidable.

151. Deed in Escrow. A deed is sometimes delivered in *escrow*, which means that it is deposited with a third party to be by him delivered to the grantee when certain conditions have been fulfilled or certain time has elapsed. When these conditions have been fulfilled and the deed is turned over to the grantee, it takes effect upon his receiving it, the same as though the grantor had delivered it to him personally.

152. Recording of Deeds. As soon as the grantee receives his deed he should have it recorded. If he did not do so, the grantor, if he were dishonest, might sell the land to some one else, and if the subsequent purchaser bought it in good faith and his deed were placed on record first, his title to the property would probably be good. If the subsequent purchaser had notice or knowledge of the unrecorded deed, his

title would not be good, even if he had paid full value for the land. But uncertainties are never safe, and in business matters prompt attention to details is of the utmost importance.

In every county of the United States there is a public office for the recording of deeds and mortgages, and usually this office is at the county court house. To have the deed recorded, the grantee takes it to the *registrar of deeds*, who makes an exact copy of the deed in a book kept for that purpose. After the deed has been recorded the grantee may have it returned to him again. The cost of having the deed recorded is usually paid by the grantee, and the cost of drawing the deed and having it acknowledged before a notary public, is paid by the grantor.

153. **Trust Deeds.** A *trust deed* is used to convey property for the use of some other person who is entitled to the proceeds, profits, or use of the property. Trust deeds are very often used as a means of securing the payment of a debt, or the fulfillment of an obligation in the nature of a debt, and in some states they have entirely superseded mortgages. Instead of giving a mortgage to secure the payment of a debt, property is deeded to a third person called a *trustee*, who becomes the agent for both parties, and he must perform his duties with strict impartiality. The deed specifies the nature of the debt or obligation intended to be secured, and it sometimes confers upon the trustee the power, in case the debt or obligation is not paid, to sell the property and pay the debt out of the proceeds, but in many states such a power is contrary to law. This deed is, in substance and effect, a mortgage.

As a general rule, the grantor in a trust deed is entitled to the rents and profits of the property therein described until foreclosure unless otherwise stipulated in the deed.

Upon the payment of the indebtedness secured by a trust deed, it becomes the duty of the trustee to execute an instrument called a *release deed*, which, when recorded, discharges the lien created by the trust deed.

The forms of trust deeds used in the various states are quite different, and so also are the laws regarding the execution and recording of the deed; and if sale of the property is made by the trustee, it must be done strictly in accordance with the laws of the state in which the property is located.

The following shows a simple form of a trust deed:

Form CXLIV.

THIS INDENTURE WITNESSETH, THAT THE GRANTOR.....of the.....in the County of..... and State of.... for and in consideration of the sum of....Dollars, in hand paid, *Convey and Warrant*.. to.....of the.....County of.....and State of.... the following described Real Estate, to wit:..... ..... situated in the County of....., in the State of....., hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of....., and all right to retain possession of said premises after any default in payment or a breach of any of the covenants or agreements herein contained, in trust, nevertheless, for the following purposes:

WHEREAS, The said.....Grantor..herein....justly indebted upon....Promissory Note.., bearing even date herewith, payable to the order of.. ....

Now, If default be made in the payment of the said ....Promissory Note .., or of any part thereof, or the interest thereon, or any part thereof, at the time and in the manner above specified for the payment thereof, or in case of waste, or non-payment of taxes or assessments on said premises, or of a breach of any of the covenants or agreements herein contained, then in such case the whole of said principal sum and interest, secured by the said....Promissory Note.., shall thereupon, at the option of the legal holder or holders thereof, become immediately due and payable; and, on the application of the legal holder of said Promissory Note.., or either of them, it shall be lawful for the said grantee, or his successor in trust, to enter into and upon and take possession of the premises hereby granted, or any part thereof, and to collect and receive all rents, issues and profits thereof; and, in his own name or otherwise, to file a bill or bills in any court having jurisdiction thereof against the said party of the first part,.....heirs, executors, administrators and assigns, to obtain a decree for the sale and conveyance of the whole or any part of said premises for the purposes herein specified, by said party of the second part, as such trustee or as special commissioner, or otherwise, under order of court, and out of the proceeds of any such sale to first pay the costs of such suit, all costs of advertising, sale and conveyance, including the reasonable fees and commissions of said party of the second part, or person who may be appointed to execute this trust, and .....Dollars attorney's and solicitor's fees, and also all other expenses of this trust, including all moneys advanced for insurance, taxes and other liens or assessments, with interest thereon at seven per cent. per annum, then to pay the principal of said note.., whether due and payable by the terms thereof or the option of the legal holder thereof, and interest due on said note..up to the time of such sale, rendering the overplus, if any, unto the said party of the first part, ...legal representatives or assigns, on reasonable request, and to pay any rents that may be collected after such sale and before the time of redemption expires, to the purchaser or purchasers of said premises at such sale or sales, and it shall not be the duty of the purchaser to see to the application of the purchase money.

WHEN The said note.. and all expenses accruing under this Trust Deed shall be fully paid, the said grantee or his successor or legal representatives shall re-convey all of said premises remaining unsold to the said grantor or.....heirs or assigns, upon receiving his reasonable charges therefor In case of the death, resignation, removal from said.... ...County, or other inability to act of said grantee ..... then.....of said. .. is hereby appointed and made successor in trust herein, with like power and authority, as is hereby vested in said grantee. It is agreed that said grantor.... shall pay all costs and attorney's fees incurred or paid by said grantee or the holder or holders of said note in any suit in which either of them may be plaintiff or defendant, by reason of being a party to this Trust Deed, or a holder of said note.., and the same shall be a lien on said premises, and may be included in any decree ordering the sale of said premises and taken out of the proceeds of any sale thereof.

WITNESS, The hand .. and seal....of the said grantor...., this.....day of.....A. D. 190..

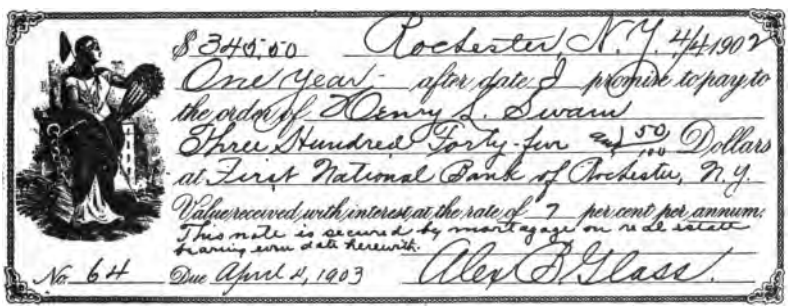
.... [SEAL]

....[SEAL]

154. Mortgages. A *mortgage* is a conveyance of the title of property, either personal or real, given to secure the payment of a debt, or as a guaranty for the performance of some special duty. When the debt is paid or the duty performed the mortgage becomes void.

Example: Suppose a person buys a farm but is not able to pay the whole amount of the purchase price; in order to secure the payment of the balance, he gives a mortgage on the farm. Or suppose he borrows some money, and as security for its payment he gives a mortgage on his team of horses. When the money which was borrowed has been repaid, principal and interest, the mortgage, after it has been discharged, is of no value. (See § 157.)

Form CXLV.


$340.00 Rochester N.Y. 4/4 1902
One Year after date I promise to pay to
the order of Henry L. Swan
Three Hundred Forty-four 50/100 Dollars
at First National Bank of Rochester, N.Y.
Value received, with interest at the rate of 7 per cent per annum.
This note is secured by mortgage on real estate
bearing even date herewith.
No. 64 Due April 4, 1903 Alex B. Glass.

Note Secured by Mortgage

155. Forms of Mortgage. If a person borrow money, the payment of which he proposes to secure to the lender by giving a mortgage, a note is usually given in which he promises to pay the debt, and the mortgage is given to secure the payment of the note. The note is quite like any other promissory note, except that when it is secured by a mortgage this fact is stated in the note. This note accompanying a

Form CXLVI. (a)

MORTGAGE—Statutory Short Form. Instant, Interment, Tax and Warranty Clauses. (1902) Doubleday Bros. & Co., Mnfrs., Kalamazoo. 50

This Indenture Witnesseth, That Hubert J. Pollard and Nettie Pollard his wife of the City of Jackson, County of Jackson & State of Michigan parties of the first part, mortgage and warrant to

Dora Richardson of Beaumont in the State of Texas part y of the second part, the following described land and premises, situated in the City of Jackson, County of Jackson, State of Michigan, viz:

Lots Fourteen (14) and Fifteen (15) and the Northerly one half of Lot Sixteen (16) all in Block Four (4) of Damaserch's Addition to the City of Jackson, according to the recorded Plats of said Addition in the Office of the Register of Deeds for said County

together with all tenements, hereditaments and appurtenances thereunto belonging, to secure the re-payment of the sum of One Thousand Dollars, with interest at the rate of six (6) per cent per annum, payable annually Five (5) years after the date hereof, with the right to said parties of the first part to repay the same at the end of any year before due

according to the conditions of One certain promissory note bearing even date herewith, executed by said Hubert J. Pollard to said part y of the second part, to which these presents are collateral, and also to secure the fulfillment of the following agreements on the part of said parties of the first part, made in consideration of said sum of money, the receipt of which is hereby acknowledged, viz.:

It is Agreed, That if the interest above stipulated to be paid, shall remain unpaid for the space of 30 days, after the same shall fall due, the whole amount of principal, viz.: One thousand Dollars, as well as said interest, shall thereupon become due and payable forthwith, notwithstanding the time first above limited for the payment of said principal shall not then have expired.

It is Agreed, That said parties of the first part shall pay all taxes and assessments which shall be levied on said premises whenever the same shall be payable, and in case said part y of the second part shall pay the same, the amount so paid shall be a lien on said premises, secured hereby and payable forthwith, with interest at the rate of six per cent. per annum

It is Agreed, That should any proceeding be taken to foreclose this mortgage, said first parties shall pay to said second part y Twenty five dollars, Attorney Fee

Mortgage

Form CXLVI. (b)

It is Further Expressly Agreed, By and between the parties hereto, that the said party of the first part shall and will keep the buildings erected and to be erected upon the lands above conveyed, insured against loss and damage by fire, in an amount and by insurers approved by said party of the second part and assign the policy and certificates thereof to the said party of the second part, and in default thereof, the whole amount of the principal, viz. One thousand Dollars, as well as the interest thereon, shall thereupon become due and payable forthwith, at the option of the said party of the second part, notwithstanding the time first above limited for the payment of said principal shall not then have expired.

Upon default being made in any agreement herein, or in case of non-payment of said sum of One thousand Dollars, or the interest, or any part thereof, at the time, place, and in the manner above specified, it shall be lawful for said party of the second part, her heirs, executors, administrators or assigns, and said party of the first part, do hereby empower said party of the second part, her heirs, executors, administrators or assigns, to grant, bargain, sell and convey said premises at public vendue, and on said sale, to make and execute to the purchaser, his heirs and assigns, forever, good and sufficient deeds of conveyance, pursuant to the Statute, rendering the surplus money, (if any there should be), to said party of the first part, their heirs, executors or administrators, after deducting the amount then due, said attorney fee, and the costs and charges of said vendue.

In Witness Whereof, Said party of the first part ha ve hereunto set their hand s and seal s, this 15th day of March in the year one thousand hundred and two

SIGNED, SEALED AND DELIVERED IN PRESENCE OF

Walter McWilliams — Hubert J. Pollard (SEAL)

F. S. Loomis — Nettie Pollard (SEAL)

(SEAL)

(SEAL)

STATE OF MICHIGAN, } ss
County of Kalamazoo }

Before me, the subscriber A Notary Public in and for Jackson County, this 15th day of March A. D. 1902, personally appeared Hubert J Pollard and Nettie Pollard his Wife known to me to be the person s described in and who executed the above Mortgage, and severally acknowledged the execution thereof to be their free act and deed.

Gilbert S Loomis
Notary Public, Jackson Co., Mich.

MORTGAGE.

Hubert J Pollard & Wife

TO

Don Richardson

REGISTER'S OFFICE, } ss
Jackson County,

Received for Record, the 22nd day of March A. D. 1902 at 3 o'clock P. M., and Recorded in Liber 99 of Mortgages, on Page 173

Wm L. McNeil
Register.

Mortgage (continued)

mortgage is really a part of the mortgage, and in case of doubt, each may be used to explain the meaning of the other.

A mortgage is similar to a deed except that there is an additional clause called the *defeasance*, which provides that if the grantor pays a certain sum of money the mortgage shall be void.

A mortgage on real estate is called a *real estate mortgage*, and a mortgage on personal property is called a *chattel mortgage*. The man who mortgages his property is called the *mortgagor*, and the man in whose favor the mortgage is made is called the *mortgagee*.

156. Recording of Mortgages. When real estate is mortgaged the mortgage must be properly acknowledged, signed, sealed, and witnessed, like a deed, before a notary public or other legal officer. Like a deed, too, the mortgage must be recorded. A mortgage on real estate should be recorded in the office of the registrar or recorder of deeds at the

Form CXLVII.

CHATTEL MORTGAGE NOTE.

$..... 1

..... *after date for*

Value Received, ...*promise to pay to the*

Order of.....*the*

sum of.....*DOLLARS,*

at..... *with interest thereon*

at the rate of.....*per cent per annum, payable*.....*annually.*

This note is secured by a Chattel Mortgage to.....*of even date herewith, on personal property in*....., *and is to bear interest at the rate of*..... *per cent per annum after*.....

No...... .....

Form for a Chattel Mortgage Note

county-seat, and a chattel mortgage is recorded in the same place, or in such other office as the law directs. The laws of the different states vary somewhat in reference to the recording of chattel mortgages, and they are frequently required to be recorded in the office of the township or city clerk.

When a married man gives a mortgage on real estate to secure the payment of a note, his wife should sign the mortgage with him, as is required by law in some states, but she need not sign the note. In most states where the law requires that a wife shall sign with the husband in giving a mortgage, it is not necessary to have her signature in cases where the mortgage is given to secure a part of the purchase price of the property.

157. **Payments on Mortgages.** A person who loans money and takes as security for its payment a mortgage on buildings which are insured against fire, should see that the insurance policy is made in his favor, so that in case the buildings are destroyed by fire the owner of the property could not collect the money on the insurance policy and leave the land only as security for the money borrowed.

When a part payment is made for the money borrowed, the amount paid is indorsed on the note. When a payment is made on a mortgage which is not sufficient to pay the whole debt, it is first applied to the payment of the interest due and the balance is to be applied on the principal.

When the whole amount has been paid it is the duty of the mortgagee to have the mortgage discharged. Sometimes this is done by giving a *satisfaction of mortgage* (see Form CXLVIII.), which the mortgagor takes to the registrar's office and has placed on record to show that the mortgage has been paid. Sometimes the mortgagee has the mortgage discharged by

Form CXLVIII.

DECLARATION OF MORTGAGE. 98

Know all Men by These Presents, That I Michael J. Flanigan of the Village of Newberry and State of Michigan, Do Hereby Certify, That a certain Indenture of Mortgage bearing date the 9th day of December one thousand eight hundred and ninety eight made and executed by Patrick O'Brien of the first part, to the said John J. Flanigan of the second part, and recorded in the Register's office for the County of Luce in Liber 10 of Mortgages, on Page 470 on the 11th day of September one thousand eight hundred and ninety eight is fully paid, satisfied and discharged.

In Witness Whereof, I have hereunto set my hand and seal the 4th day of April one thousand eight hundred and two

Signed, Sealed and Delivered in Presence of

Elmer R. McPhee

Earle McPhee

Michael J. Flanigan [Seal]

STATE OF MICHIGAN, } ss.
County of Luce }

On this 4th day of April in the year one thousand eight hundred and two before me, a Notary Public in and for said County, personally came the above named Michael J. Flanigan known to me to be the person named in and who executed the above Instrument, and acknowledged that he executed the same for the intents and purposes therein mentioned.

Elmer R. McPhee
Notary Public
Luce Co., Mich.

Satisfaction of Mortgage

going to the office where the mortgage is recorded and signing on the margin of the recorded mortgage a statement showing that the mortgage has been paid.

158. **Assignment of Mortgages.** A mortgage may be sold like any other property. Suppose a person holds a mortgage which is not yet due and he wishes to use the money; he may sell it to some one else and let him hold it until it becomes due. In order to transfer his title to it he must make what is called an *assignment of mortgage* (see Form CXLIX.), and this assignment should be recorded the same as a mortgage.

159. **Redemption of a Mortgage.** It used to be the rule that if the mortgagor did not pay the debt when it became due, he lost the property which he had mortgaged, and could not redeem it, no matter how small the debt was or how valuable the property which he had mortgaged. If he did not pay exactly on the day the debt was due or before, he could not pay it afterwards. But now the law is more lenient, and a mortgagor always has a period of time for redeeming his property by paying the entire debt which has been secured by the mortgage, with all interest and expenses. Lenders foreclose mortgages less often than one would suppose. If the interest is promptly met, many lenders are content to let the mortgage run as an investment.

160. **Equity of Redemption.** This right to redeem the property is called an *equity of redemption*, and it continues until it is extinguished by the foreclosure of the mortgage and a failure to redeem within the time provided by law. When default is made in the payment of principal or interest the mortgagee may *foreclose the mortgage*, which is a proceeding

Form CXLIX.

ASSIGNMENT OF MORTGAGE. 1902 SECURE PRINT & STATIONERY, Portland, Maine, No. 670

Know all Men by these Presents, That I. Harvey C. Bormaky, of the Village of White Cloud, Newaygo County, Michigan,

of the first part, for and in consideration of the sum of One thousand six hundred dollars

lawful money of the United States of America, to me in hand paid by Robertus D. Hall of the township of Garfield Newaygo County, Michigan,

of the second part, at or before the ensealing or delivery of these presents, the receipt whereof is hereby acknowledged, have granted, bargained, sold, assigned, transferred and set over, and by these presents do grant, bargain, sell, assign, transfer and set over unto the said part of the second part, a certain Indenture of Mortgage, bearing date the 5th day of September one thousand eight hundred and ninety nine made by Isaac Bumbinady and Rachel Bumbinady his wife to one Harvey C. Bormaky

and recorded in the Register's Office for the County of Newaygo, State of Michigan, in Liber 51 of Mortgages, at Page 571 with all and singular the premises therein mentioned and described, together with the note or obligation therein also mentioned, and the moneys now due, and the interest that may hereafter grow due thereon; *To Have and to Hold* the same unto the said part of the second part, his heirs and assigns, FOREVER, subject only to the proviso in the said Indenture of Mortgage mentioned. And I do hereby authorize and appoint the said part of the second part, my true and lawful attorney, irrevocable in my name or otherwise, but at his proper costs and charges, to have, use and take all lawful ways and means for the recovery of the sum or sums of money now due and owing, or hereafter to become due and owing, upon the said note and mortgage; and in case of payment to give acquittance or other sufficient discharge, as fully as I might or could do if these presents were not made; and I do hereby for myself my heirs, executors and administrators, covenant, promise and agree to and with the said part of the second part, that there is no thing due upon the said note and Mortgage the sum of One thousand six hundred dollars and interest at the rate of six per cent. per annum since September 5, 1901.

and that I have good, right and lawful authority to grant, bargain and sell the same in manner aforesaid.

Sealed and Delivered this 26th day of March 1902

IN PRESENCE OF

F. W. Ribble — Harvey C. Bormaky (SEAL)

Mona Clapp — (SEAL)

State of Michigan, } ss.
County of Newaygo }

On this 26th day of March in the year one thousand nine hundred and two before me, the subscriber, a Notary Public in and for said County, personally appeared Harvey C. Bormaky to me known to be the same person described in and who executed the within Instrument, who acknowledge the same to be his free act and deed.

Fred W. Ribble
Notary Public

Assignment of Mortgage

in a proper court by which the property described in the mortgage is sold to pay the debt thereby secured. In some states, after the foreclosure of the mortgage and a sale of the property, there is a further period of redemption, varying from sixty days to six years.

The mode of foreclosure differs in the several states. Generally a foreclosure of the mortgage includes a sale of the mortgaged property, which is done under the direction of an officer of the court. The proceeds from the sale of the property are used to pay the mortgage debt and the interest, and if there is anything left it is turned over to the mortgagor, whose rights to the property are then entirely cut off.

Questions on Chapter XII.

1 How is the title of land conveyed from one person to another?

2. What is an abstract of title?

3. Where may an abstract of title be had?

4. What is a deed?

5. Who is the grantor in a deed?

6. What is the person buying the property called?

7. If a man sell a piece of real estate, is it necessary that his wife sign the deed?

8. If a woman sell a piece of real estate, is it necessary that her husband sign the deed with her?

9. What is meant by "right of dower"?

10. What is a general warranty deed?

11. What is a quit-claim deed?

12. If you were going to purchase a farm or a house and lot, which would you prefer — a warranty deed or a quit-claim deed? Why?

13. If a man who sells a piece of real estate is unable to write, how can he sign the deed?

14. How many witnesses are required to a deed?

15. After the deed is drawn, what is the next thing to be done?

16. What is meant by the acknowledgment of a deed?

17. Where should a deed be recorded?

18. Whose duty is it to have the deed recorded?

19. What is the object in having a deed recorded?

20. Who pays the cost of having the deed recorded?

21. What becomes of the deed itself?

22. What is meant by the delivery of a deed?

23. If a married man sell real estate, and his wife does not unite with him in executing the deed, what consequences may follow?

24. What is a mortgage?

25. What is a chattel mortgage?

26. Who is the mortgagee? Who is the mortgagor?

27. Is it necessary to have a mortgage recorded?

28. Is a note usually given with a mortgage?

29. If part payment is made of the amount due, is the indorsement made on the note or on the mortgage?

30. What is an assignment of mortgage? What is meant by foreclosure?

31. Where should a real estate mortgage be recorded?

32. What is a discharge of mortgage?

33. What is meant by equity of redemption?

34. If the amount due on a mortgage is $1,200 and the property is sold for $1,800 by the mortgagee, what becomes of the balance?

35. Name two ways of having a mortgage discharged.

36. Where should a chattel mortgage be recorded?

General Review Exercises

1. Give an example showing where it would be necessary to make an assignment of an account.

2. You wish to draw a draft on E. D. Matthews who lives in Cedar Rapids, Iowa, and who owes you $50.75. In whose favor would you draw the draft?

3. What is the difference between a silent partner and a nominal partner?

4. What is meant by "Ltd." placed after a firm name, as Brown, Wilson & Co., Ltd.?

5. What is the difference between a copartnership and a stock company?

6. What is the difference between a mutual insurance company and an "Old Line" company?

7. What is a board of trade?

8. What is a certificate of stock?

9. What is the difference between common stock and preferred stock?

10. What are coupon bonds?

11. Is there any difference between a board of trade and a stock exchange?

12. When a mortgage is paid in full and the mortgage and note are turned over to the mortgagee, does that discharge the mortgage?

13. Name two methods used for discharging a mortgage when payment has been made in full.

14. Is it necessary to have a discharge of mortgage recorded?

CHAPTER XIII.

UNITED STATES LAND SURVEYING

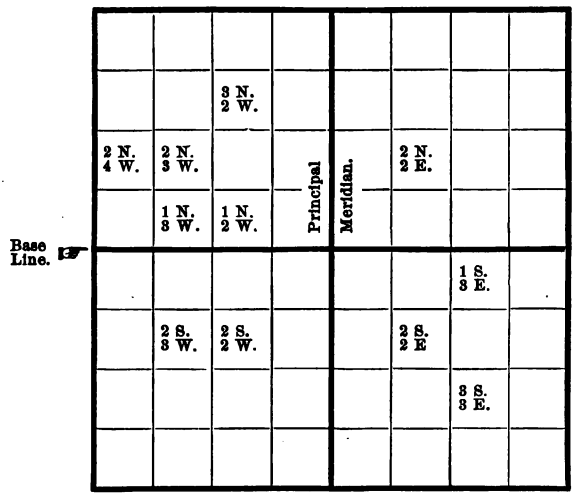
161. Surveying Meridians. In surveying the public lands of the United States, lines are established at different points, some running north and south, which are called *surveying meridians, meridian lines,* or *principal meridians,* and some running east and west, at right angles to the meridian lines, which are called *base lines.*

These meridian and base lines are shown upon the large maps of the United States, published by the General Land Office, and are also severally shown upon the various official state maps. Some of the meridian lines are numbered and others have local names, as the Tallahassee principal meridian, which governs the United States land surveys in the state of Florida; or the St. Stephens principal meridian, governing the land surveys in the states of Alabama and Mississippi. The state of Michigan has a distinct meridian, and its base line crosses the lower peninsula of the state from Lake St. Clair to Lake Michigan.

162. Townships. Lines running east and west from the meridian line and north and south from the base line divide the land into squares containing thirty-six square miles. Each square is called a *township.* A series of townships between any two lines running north or south from the base line is called a *range.*

The illustration below shows a principal meridian line and a base line.

Form CL.



The description of a township which is three north from the base line and two west from the principal meridian line would be: Township number three north and range two west.

Each township, though said to be square, is not exactly so, for since the meridians are not exactly parallel to each other, because they all meet at the poles, the townships are longer on their southern boundaries than on their northern ones. This is corrected as far as practicable by establishing subordinate meridian lines called *correction lines*. In Michigan, a correction line is taken at every tenth township along the range, and in newer states and territories they are much more frequent.

163. Sections. Each township is divided into thirty-six squares, and each square is called a *section* and contains 640 acres, or nearly that. See diagram of township below.

Form CLI.

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

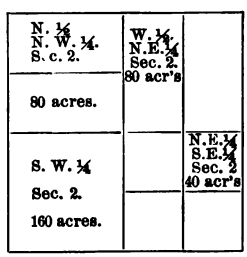
A Township

The sections in each township are numbered. Beginning with number one in the northeast corner of the township, they are numbered back and forth to number thirty-six (36) in the southeast corner.

This system furnishes a very simple method of describing a piece of land so that it may be readily located.

Sections are subdivided into half sections, quarter sections, and sometimes into eighths and sixteenths.

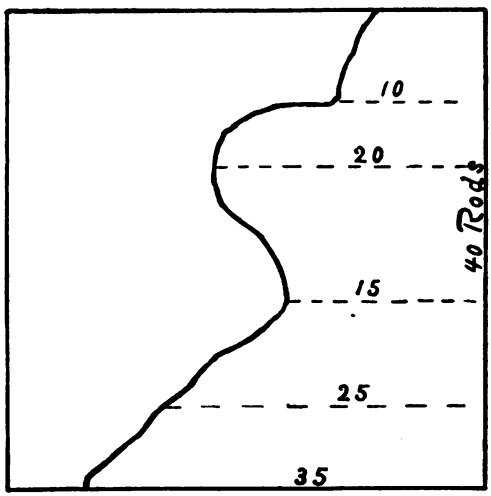
Form CLII.



Section (640 acres) with subdivisions

The diagram given below shows how land in any shape may be measured, so that the area can be ascertained by the simple method of using triangles.

Form CLIII.



Example: Suppose the portion of land shown in the diagram has a crooked creek running across it, and it is desired to find how much land there is on the right-hand side of the creek. If the average width of the land is multiplied by the length it will, of course, give the area. Now suppose a measurement is taken from the first bend in the creek to the section line and is found to be 10 rods, and a measurement from the next bend in the creek to the section line is found to be 20 rods; the next measurement 15 rods; the next 25 rods, and the next 35 rods. Now the sum of all the measurements taken is 105 rods, and if we divide this sum by the number of measurements, the result will show the average width of the land.

In this case five measurements were taken.

1st measurement	. . . .	10 rods
2d "	. . . .	20 "
3d "	. . . .	15 "
4th "	. . . .	25 "
5th "	. . . .	35 "
Sum of the measurements,		105 rods

Dividing the sum of the measurements (105) by 5, the number of measurements taken, we have 21 rods as the average width of the land. Now, if the average width of the land is 21 rods and the length 40 rods, the number of square rods in the piece of land would be 40 times 21, which equals 840 rods, which, divided by 160 (the number of square rods in an acre), would show the number of acres.

Operation: 840 divided by 160 = $5\frac{1}{4}$ acres.

If desired, the operation may be performed by cancellation and the work be much shortened.

$$\frac{\cancel{40} \times 21}{\cancel{160}\ 4} = 5\tfrac{1}{4} \text{ acres.}$$

164. Lands Not Included in the United States' Surveys. The system of survey by which the public lands of the United States and the position of any plot described could be located was adopted in 1786. The original thirteen states, together with Maine, Vermont, Kentucky, Tennessee, and certain parts of Ohio, never were public lands of the United States and are not included in the surveys. Indian reservations, and lands that were owned by individuals or companies before the territory in which they were situated became a part of the United States, are also omitted. The public lands of Texas are the property of that state and have a system of their own.

Questions on Chapter XIII.

1. Tell where two of the principal meridian lines are located.
2. Which one of the principal meridian lines is nearest to where you live?
3. Is this system of land surveying used in the state in which you live?
4. If so, where is the base line located?
5. Are the townships exactly square?
6. What is the usual size of a township?
7. How many sections are there usually in a township?
8. What is a correction line?
9. How long is one side of a section of land?

General Review Exercises

1. Why should you not send your check away indorsed in blank?
2. If a check is indorsed to you and the indorsement is placed across the back of a check at the wrong end, where would you indorse it?
3. If you hold a certificate of deposit for $100 on the First National Bank, and wish to get the money from the bank, how would you indorse the certificate?
4. Would you make any different indorsement on it if you wished to sell it to H. B. Osgood?
5. You receive from C. T. Davis, for collection, a note against George P. Fletcher for $500; the note is made payable to you by indorsement. You find that you cannot collect the amount of the note; how would you indorse it so as to transfer it back to C. T. Davis?

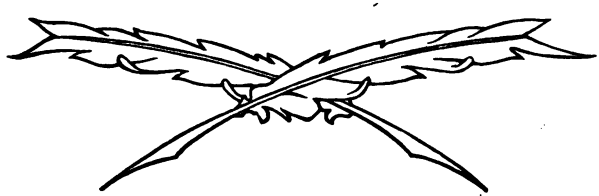
6. If your name is on the back of the note, would you be responsible for its payment?

7. You wish to send a quantity of merchandise worth $245.60 to R. A. Munger, Dallas, Texas, by freight, and to collect payment for the goods before they are delivered. Explain how this can be done.

8. You wish to send a quantity of goods by freight to H. A. Jennings & Co., Toronto, Can. What papers would be required?

9. If goods are sold and before they reach the buyer it is found that he is insolvent, can the goods be stopped?

10. Can a railroad company carry a part of the freight offered and refuse a part if they choose to do so?



CHAPTER XIV.

WILLS, SETTLING OF ESTATES

165. Wills. Any person who is twenty-one years of age or more, and of sound mind, may, if he chooses to do so, make a valid *will*, stating what disposition he wishes to have made of his property after his death. The law varies somewhat in the different states in reference to wills, but as a rule a person may dispose of his property in any way he wishes. In a few of the states a married woman is not entitled to dispose of her property by will, but this restriction does not generally exist.

166. Kinds of Wills. There are two kinds of wills—written and unwritten. Unwritten wills are called *nuncupative wills*. The latter are used only when the maker meets with some accident, or by persons in the military or naval service who are called upon to make a will under circumstances which will not admit of delay. Unwritten or verbal wills must have reliable witnesses, and generally apply to personal property only. An unwritten will is unsafe, and should never be used when it is possible to make a written will.

No exact form of words is necessary in making a will, but the maker must state in plain language just what disposition he wishes to have made of his property after his death. A

will may be canceled or modified at any time before the maker's death. The last will annuls the force of all preceding wills, unless it be simply an addition to a will previously made. Such an addition is called a *codicil.* If the person who makes the will is a man, he is called the *testator,* but if the maker is a woman, she is called the *testatrix.*

167. Limitation of Bequests. No husband can make a will which will deprive his wife of her interest in his real estate and appurtenances, which is called her *right of dower.* If he devises to her other property in lieu of dower, she need not accept it unless she chooses to do so, but she can renounce the provisions of the will and take the share allowed to her by law. The dower interest which the wife has in her husband's estate is only an estate for life, and upon her death the property goes to the heirs, the same as though there had been no widow. In some states the right of dower has been abolished.

168. Making of a Will. It is preferable to make a will rather than to leave the property to be divided after death. Litigation among the heirs is thus often prevented. A person may write his own will if he chooses to do so, but unless he is accustomed to drawing legal papers it is safer to employ some thoroughly capable person for that purpose. The person making the will should appoint some person to carry out its provisions, who is called an *executor.* No person can serve as an executor of a will who is under twenty-one years of age at the time of the proving of the will; nor can he serve if he be a convict, or drunkard, or a lunatic. No person appointed as an executor is obliged to serve against his will.

169. Witnesses. There must be two witnesses to a will, and in some states three witnesses are required. They need not know the contents of the will, but must know that the instrument which they sign as witnesses is a will. Only such

Form CLIV.

SHORT WILL.

I, ... of ..... in the County of ..... and State of ..... being of sound mind and memory, hereby make, ordain, publish and declare, this to be my last **Will** *and* **Testament:**

First, *I order and direct that my Execut..... hereinafter named pay all my just debts and funeral expenses as soon after my decease as conveniently may be.*

Second, *After the payment of such funeral expenses and debts, I give, devise, and bequeath.....*

....

Lastly, I make, constitute and appoint..... to be Execut...of this, my last Will and Testament, hereby revoking all former Wills by me made.

In Witness Whereof, *I have hereunto subscribed my name and affixed my seal, the .....day of .....in the year of our Lord one thousand nine hundred.....*

..... {SEAL}

This instrument was, on the day of the date thereof signed, published and declared by the said testator..... to be h...last Will and Testament, in the presence of us who at h...request have subscribed our names thereto as witnesses, in h.. presence, and in the presence of each other.

.....

.....

A short form of Will

witnesses as are competent to testify should be selected. They should not be beneficiaries under the will, for by the common law a will so witnessed was void, and although the statutes of some states provide that a will so witnessed is valid, the witnesses cannot receive their legacies.

Witnesses should write their respective places of residence after their names, and their signatures should be made in the presence of each other and in the presence of the testator. If the testator has children and does not provide for them nor make any mention of them in his will, the law sometimes presumes that they were forgotten, and will generally give them the same share as though there had been no will.

In all wills the testator's name should be written in full at the end of the will, after which follow the certificate and signatures of the witnesses.

170. Duties of an Executor. The executor of a will is the personal representative of the person making the will, and after his death it is the duty of the executor to see that the will is carried into effect. Any one who is competent to make a will is legally qualified to act as an executor. The executor is generally required to give a bond for the faithful discharge of his duties as an executor. The bond is usually about twice the amount of the personal property involved. If no executor is named in the will, or if the one named does not wish to act, or dies, or resigns, the court appoints a person to act in his place, and the person so appointed is called an *administrator with the will annexed.*

The court having jurisdiction of the estates of deceased persons is called the *probate court* in most of the states; in some states, however, it is called the *surrogate court,* and in others, the *orphans' court.*

171. Administrators. If a person dies without making a will and leaves any property, an *administrator* is appointed by the judge of the probate court, or surrogate court, to settle the estate of the person deceased. A petition is presented to

the judge by some one who is interested in the settlement of the estate, asking him to appoint an administrator. If a woman is appointed she is called an *administratrix.*

The administrator must give a bond similar to that of an executor, and his duties regarding the settlement of the estate are substantially the same as those of an executor, except in the division of the property after the debts are paid. In the settlement of the estate the administrator should be guided by the law and by the instructions given him at the probate office. He is required to make an itemized statement of all property belonging to the estate, and the value of the personal property is determined by persons called *appraisers,* who are appointed by the court for that purpose. The administrator must account to the court for all property that comes into his possession or control.

The administrator first pays the debts of the deceased. These are paid out of the personal property, and if there is not a sufficient amount of personal property to pay the indebtedness and there is any real estate belonging to the estate, he may sell a part or the whole of it if permission is given him to do so by the court. The debts of the deceased must be paid in the order prescribed by law. Although the law is not the same in all states, the debts are usually paid in the following order:

First, the funeral expenses and expenses of the last illness.
Second, the widow's award or allowance.
Third, the debts due the state.
Fourth, claims of other creditors.

If anything is left after paying the debts, the remainder is divided among the legal heirs of the estate, under the direction of the court and in the manner required by law.

172. Payment of Debts. The administrator, executor, or other officer appointed by the court for that purpose, publishes a notice in one or more papers in the county, stating when and where claims against the estate may be presented for adjustment. The administrator then settles all claims against the estate as adjusted by the court, and its decision regarding the settlement relieves him of much responsibility in the matter. Six months is the time usually allowed for the settlement of debts, but claims may be allowed at any time before the final settlement of the estate.

All expenses connected with the settlement of an estate, including the fees of executors, administrators, appraisers, and officers of the court, are paid from the funds belonging to the estate.

173. Final Settling of an Estate. When the debts are all paid and the residue divided among the legal heirs as instructed by the court, an account of all his proceedings is made and filed by the administrator. Notice by the court is then given that a final hearing of the administrator's account will be had, at which any one interested may appear and object to its allowance. But if the account is allowed and no appeal is taken, the executor or administrator is given his discharge and the estate is closed.

As there is considerable expense incurred in settling an estate, parties who are interested sometimes desire to have the estate settled out of court. This may be done if all parties interested agree to it, and there are no disputed claims against the estate, but it is better to have an estate settled in the regular way and the full record of the settlement filed in the probate court, so that there can never be any question as to its legality.

Questions on Chapter XIV.

1. What is a will?
2. Who is competent to make a will?
3. When is an unwritten will used?
4. What is an unwritten will called?
5. Is any special form necessary in making a will?
6. After a will has been made, may it be changed?
7. Can a man make a will so that his wife shall have no share of his property?
8. What is meant by the word "dower"?
9. Can a person make his own will, or is it necessary to employ a lawyer to make it for him?
10. What is meant by the executor of a will?
11. Can any one act as an executor of a will?
12. Is a person who has been appointed executor of a will obliged to act?
13. Need there be any witnesses to a will? What persons could not serve as witnesses to a will?
14. If the testator of a will has children and makes no mention of them in the will, what provision does the law make for them?
15. What court has jurisdiction of the estates of deceased persons?
16. What other names are sometimes given to this court?
17. What is meant by the term administrator? By whom is he appointed?
18. What are his duties?
19. If a woman is appointed to settle the estate of a deceased person, what is she called?
20. Is an administrator required to give a bond?

21. Who pays the expenses of settling the estate of a deceased person?

22. Can an estate be settled without having an administrator appointed?

General Review Exercises

1. What is meant by the maturity of commercial paper?

2. What is meant by legal tender? What is the effect of a legal tender on the payment of an obligation?

3. What is the general purpose of drafts?

4. Name some kinds of officers who are required to give bonds.

5. What is the object in fixing the amount of a bond at double the amount of the debt?

6. Name some cases in which it is necessary to have witnesses to a bond.

7. Why should a partnership agreement be in writing?

8. Why should the duration of a partnership be specified in the agreement?

9. Name some things which one member of a firm cannot do without the consent of the other.

10. Why should a notice of dissolution of partnership be published in the newspapers?

11. If property is insured against fire, and loss occurs from putting the fire out instead of from the fire itself, can the owner collect the insurance?

12. If a house which has been insured becomes vacant, why should the insurance company be notified?

13. Why are vacant buildings called hazardous risks?

14. Why are not insurance policies usually written for the full value of the property?

15. What is the difference between a quit-claim deed and a general warranty deed?

16. How old must the grantor be before he can make a deed which will be binding upon him?

17. May a boy who is twelve years of age buy a piece of property and get a deed for it which would be binding?

18. Suppose a man who cannot write, sells a piece of land; how can the deed be signed?

19. What is the object in having witnesses to a deed?

20. What is the seal to a deed?

21. What is important about the delivery of a deed?

22. What is meant by the recording of a deed?

23. Why should a person who loans money and receives as security a mortgage on a building, have the insurance on the building made payable to him?

24. When the full amount due on a mortgage has been paid, how is the mortgage discharged?

25. If a man cannot pay the mortgage which he owes when it becomes due, does he lose his title to the property?

26. What is the difference between a chattel mortgage and a real-estate mortgage?

27. In United States land surveying, what is meant by a meridian line?

28. What are base lines?

29. What is a range?

30. How many principal meridian lines are there?

31. How large is a township?

32. What is meant by range three west?

33. How large is a section of land?

34. How many sections in a township?

35. How are sections numbered?

SIGNS, ABBREVIATIONS, AND CONTRACTIONS USED IN BUSINESS

√ Check mark; also radical sign.

" (It. *Ditto*) The same as above.

° Degrees.

′ Primes. Minutes. Feet.

″ Seconds. Inches. Thus: 7° 10′ 4″ in circular measure, or 7′ 10″ 4‴ in duodecimal long measure. Also used for *ditto* marks.

1^1 One and one-fourth.

1^2 One and one-half.

1^3 One and three-fourths.

+ (L. *Plus*, more) Addition.

− (L. *Minus*, less) Subtraction.

× (By or into) Multiplication. Also, area, as 7×9, read 7 by 9, means 7 wide and 9 long.

÷ (Divided by) Division. The : alone is also a sign of division as used in ratio, thus 4 : 7; and the — alone is a sign of division as used in writing fractions, thus $\frac{4}{7}$.

= (Equality) Equals. The double colon, ::, as used in proportion, is also a sign of equality, thus 4 : 7 :: 12 : 21.

% Per Cent. The upper *o* represents a numerator and the lower the denominator 100; thus: 7% was formerly written $\frac{7}{100}$.

℔ Per. (L. *By* or *through*.)

$ Dollars; said to be a contraction of U upon S for United States money.

Means "Number" if written before a figure, as #40; but "pounds" if written after, as 40#.

@ (L. *ad.*) To or at.
A 1. First Class.
A. or *Ans.* Answer.
Acc., *Acct.*, or *a/c.* Account.
Ad v. (L. *According to value*) Ad valorem.
Admr. Administrator.
Admx. Administratrix.
Adv. Advertisement.
Agt. Agent.
Amt. Amount.
a/s. At sight or Account sales.
Ass'd. Assorted.
Asst. Assistant.
Bal. Balance.
B. B. Bill Book.
Bbl. Barrel; Barrels.
Bdls. Bundles.
B/E. Bill of Exchange.
Bgs. Bags.
Bk. Bank; Book.
Bkts. Baskets.
B/L. Bill of Lading.
Blk. Black.
Bls. Bales.
Bot. Bought.
B. P. Bills Payable.
B. Rec. Bills Receivable.
Bro't. Brought.
Bu. Bushel.
Bx. Box or Boxes.
Cash. Cashier.
C. B. Cash Book.
Chgs. Charges.
Chts. Chests.
C. H. Court House; Custom House.
C. I. F. Costs, Insurance, Freight.
Cks. Casks or Checks.
Clk. Clerk.
Co. Company; County.
C. O. D. Cash (or Collect) on Delivery.
Col. Collection.
Com. Commission.
Const. Consignment.
Cor. Sec. Corresponding Secretary.
Cr. Credit; Creditor.
C. S. B. Commission Sales Book.
Ct. or ¢. Cent. (L. *Centum*, a hundred.)
Cts. Cents.
Cwt. A hundred weight.
D. B. Day Book.
d/d. Days after date.
Dept. Department; Deponent.
Dft. Draft; Defendant.
Disct. Discount.
Div. Dividend; Division; Divide; Divisor.
Do. (It. *Ditto*) The same.
Doz. Dozen.
Dr. Debtor; Doctor.
Dray. Drayage.
d/s or *d. s.* Days after sight.

ea. Each.
E. E. Errors excepted; Ells English.
e. g. (L. *Exempli gratia*) For example.
Encl. Enclosed.
E. & O. E. Errors and omissions excepted.
et al. (L. *et alii*) And others.
Exch. Exchequer; Exchange.
Exec. or *Exr.* Executor.
Execx. or *Ex'x.* Executrix.
Exp. Export; Exporter; Expense.
Fahr. Fahrenheit.
Fav. Favor.
Fir. Firkin.
Fo. or *Fol.* Folio.
F. O. B. Free on Board.
Fo'd. Forward.
fr. From.
Fr't. Freight.
Gal. Gallon; Gallons.
Gr. Grain; Grains.
Guar. Guarantee.
Hdkf. Handkerchief.
Hf. chts. Half chests.
Hhd. Hogshead.
Hon. Honorable.
Hund. Hundred.
I. B. Invoice Book.
i. e. (L. *id est*) That is.
Incor. Incorporated.
Ins. Insurance.
inst. Instant — in the present month.
Int. Interest.
In trans. (L. *In transitu*) In the passage.
Inv. Invoice.
Inv't. Inventory.
Jr. Junior.
Kg. Keg.
L. or *lb.* (L. *Libra*) A pound in weight.
L/c. Letter of credit.
Led. Ledger.
L. F. Ledger Folio.
L. S. Left Side; (L. *Locus Sigilli*) Place of the Seal.
M. One thousand.
Manuf. Manufacture; Manufacturer.
Mdse. Merchandise.
Mem. Memorandum.
Messrs. or *MM.* (F. *Messieurs*) Gentlemen, Sirs.
Mf'd. Manufactured.
Mfst. Manifest.
Mme. Madame. *Mmes.* Mesdames.
Mo. Month.
Mol. Molasses.
Mr. Master or Mister.
Mrs. Mistress.
Mtg. Mortgage.
N. A. North America.
Nav. Navigation.

N. B. (L. *Nota Bene*) Note Well or Take Notice.
No. or #. Number.
N. P. Notary Public.
O. B. Order Book.
O. K. All Correct.
oz. Ounce or ounces.
p. Page; pint; pole; part.
Payt. Payment.
pcs. Pieces.
Pd. Paid.
Per. an. or *p. a.* (L. *per annum*) By the year.
%, *per cent.*, *per ct.* (L. *per centum*) By the hundred.
Pk. Peck.
Pkg. Package.
P. & L. Profit and Loss.
P. O. D. Pay on Delivery.
P. O. O. Post-office Order.
pp. Pages.
Pr. or *per.* By.
Prem. Premium.
Prop'r. Proprietor.
Prox. (L. *Proximo mense*) Next month.
P. S. Postscript.
Pub. Publisher; Public.
Pwt. Pennyweight.
Qr. Quarter (28 pounds); Quire.
Qt. Quart; Quantity.
Recd. Received.
Retd. Returned.
R. R. Railroad.
Ry. Railway.
S. B. Sales Book.
Schr. Schooner.
Shipt. Shipment.
S. O. Seller's Option.
Sig. Signature.
S. S. Steamship.
St. Saint; Street; Sight.
St. Dft. Sight Draft.
Stor. Storage.
Str. Steamer.
Sunds. Sundries.
Supt. Superintendent.
T. B. Time Book.
Treas. Treasurer.
Ult. or *ulto.* (L. *Ultimo mense*) Last, or of the last month.
U. S. A. United States of America; United States Army.
U. S. M. United States Mail.
U. S. N. United States Navy.
Ves. Vessel.
via. (L.) By way of.
Vice. Pres. Vice-President.
viz. (Contraction from L. *videlicet*) Namely; to wit.
Vol. Volume.
vs. (L. *versus*) Against.
W. B. Waybill.
Wt. Weight.
X. Extra.
XX. Doubly Extra.
Y. or *Yr.* Year.
Yd. Yard.

COMMERCIAL WORDS AND PHRASES

Account Current. A running account. A detailed statement of the transactions between two persons or firms.

Account Sales. A detailed statement of the sales of goods by a commission merchant, showing also the expenses, after charges, and net proceeds.

Administrator. A man appointed by the court to settle the estate of a person deceased.

Administratrix. A woman appointed by the court to settle the estate of a person deceased.

Ad valorem. (L.) According to value. A custom-house term, relating to the estimating of duties upon the value of imported goods.

Affidavit. A written declaration under oath.

Annuity. A sum to be paid yearly, to continue for a given number of years or for life; an annual allowance.

Annul. To make void; to cancel.

Ante-date. To date before the actual time of writing.

Appraisal. The act of placing a value on goods.

Appraiser. A person appointed to value real or personal property.

Arbitration. The adjustment of a disputed point by a person or persons chosen by the parties in dispute.

Assets. The funds, property, and total resources of a person in business.

Assignee. A person to whom the property of a bankrupt or an insolvent debtor is transferred for adjustment, for the benefit of the insolvent's creditors.

Assignment. The act of transferring property to the assignee.

Attachment. A warrant for the purpose of seizing a man's property.

Balance Sheet. A statement in condensed form showing the condition and progress of the business.

Bankable. Receivable at a bank at par value.

Bank Balance. Net amount on deposit at bank.

Bear. Among stock brokers, one who having "sold short"—that is, sold what he has not yet bought—desires the price of the stock to fall so that he may buy at a lower rate than he has sold at, and thus make a profit. He will do all he can to "bear down" the price.

Bill of Lading. A written account of goods shipped and the condition of shipment, having the signature of the carrier's agent, and given to the shipper as a receipt.

Bill of Sale. A writing given by the seller to the buyer, transferring the ownership of personal property.

Board of Trade. An association of business men for the regulation and advancement of commercial interests.

Bona Fide. (L.) In good faith.

Bond. An instrument under seal by which a person binds himself, his heirs and assigns to certain stipulations.

Bonded Goods. Goods which are stored in a bonded warehouse (see below) or in bonded cars, the owner having given bonds securing the payment of import duties or of internal revenues upon their removal or their arrival at some inland city of entry, and before a specified time.

Bonded Warehouse. A building or warehouse in which goods subject to revenue duties are stored until the importer either pays the duties or re-exports the goods, or, where goods subject to an internal revenue tax are held, until the tax is paid.

Bondsman. One who gives security for the faithful performance of a contract.

Bonus. A premium for a loan or for other privileges.

Broker. An agent or middle-man between the buyer and seller.

Bull. One who operates to increase the values of stocks in the market that he may sell his own at a better advantage. He labors to "toss up" the price.

Bullion. Uncoined gold or silver.

Charter. A paper from government defining the rights and privileges of corporations; to hire or let an instrument of transportation, as a ship, a railway car.

Charter Party. A written contract for hiring or chartering a ship.

Chattel. Any kind of property except real estate, as merchandise, notes and accounts, animals, leases of real estate, etc.

Check. An order on a bank drawn by a depositor.

Clearing House. A kind of banking exchange established in some of the large cities for the convenience of daily settlements. The drafts and checks of the various banks on each other are mutually exchanged without individual presentation at the banks, and a balance struck; the balance only is paid in cash.

Collateral. Pledges of stocks, notes, or chattels for security of loans and other indebtedness.

Commerce. The business of exchanging commodities between different places; mercantile business in general, as carried on between individuals or companies of different countries, or of the same country; and, in a restricted sense, the shipping which belongs to a country.

Commission Agent. One who does business on commission.

Common Law. The unwritten law which receives its binding force from immemorial usage, in distinction from the written or statute law.

Consignee. The agent or person to whom goods are sent to be sold on commission. The goods are said to be *consigned*, and are called by the one who receives them a *consignment*. The person to whom merchandise is addressed by a bill of lading or otherwise.

Consignor. The party who consigns his goods to an agent. A shipper of merchandise.

Contra. (L.) On the opposite side.

Copartnership. The joining of two or more persons into one firm for the purpose of carrying on any enterprise. It has the same meaning as partnership.

Coupon. An interest note or a certificate attached to a bond or principal note which is cut off and collected when the note or certificate is due.

Credentials. Testimonials giving authority.

Demurrage. Money forfeited for detaining a vessel beyond the time specified in her charter party.

Dishonor. A failure to pay an obligation when due. A failure to accept a draft when presented for acceptance.

Dockage. Charge for the use of a dock.

Dower. The right of a widow to a one-third interest in all the real estate owned by her husband at any time after their marriage.

Draft. A written order or request for the payment of money at a certain time.

Drawee. One on whom the draft is drawn. The payer.

Drawer. The person who draws the draft, and thus asks the drawee to pay to the payee named.

Duress. Personal restraint from fear of personal injury or imprisonment.

Earnest. Part of purchase money paid or part of goods delivered to bind a verbal contract.

Effects. Goods or property of any kind, including debts due. Resources.

Embargo. An order of the government prohibiting ships from departing or landing.

Equity. The principles of right and justice, especially as applied to the correction of statute law in extreme cases.

Equity of Redemption. The right allowed a mortgagor of a reasonable time to redeem lands mortgaged.

Execution. A writ which authorizes an officer to carry into effect the judgment of the court.

Fee Simple. A title to real estate held by a person in his own right and without conditions.

Forced Sale. Sale made under compulsion.

Forwarder. An agent who attends to the conveyance of goods, especially re-shipping.

Gross Weight. Weight of merchandise, including the case or wrapping.

Guarantee or *Guaranty.* A surety for the performance of a contract in case the party making the contract fails to keep it. A security against loss.

Honor. To accept a draft or to pay it when due.

Impost. Duty on goods paid by the importer.

Indemnify. To recompense for injury or loss.

Indemnity. A guarantee against loss. Insurance.

Indenture. A writing containing a contract.

Indorse. To write one's name on the back of a note, draft, or other document.

Injunction. A legal writ by which a party is restrained from doing a certain act.

Inland Bill. A draft between parties in the same country.

Insolvency. Inability to pay debts. Bankruptcy

Intestate. Dying without having made a will.

In transitu. (L.) In a state of going from one place to another.

Inventory. An itemized schedule or list of goods and other property, with their value as then estimated.

Invoice Book. A book in which invoices are copied or placed.

Jettison (also *Jetson*). The goods voluntarily thrown overboard to lighten a ship in cases of extreme peril.

Jobber. One who buys goods from the manufacturers and importers and sells them to retailers.

Job Lot. An irregular assortment. Miscellaneous goods unsold at the end of the season.

Judgment. The decision of a court.

Lease. A contract granting possession and use of property for a specified time.

Legacy. A bequest; a gift of property by will.

Lessee. One to whom a lease is made.

Letter of Credit. An open letter authorizing the bearer to receive money on the credit of the writer. (Generally issued by banking houses to travelers in foreign countries.)

License. A legal permit to carry on a certain business.

Lien. (Fr. *bond*) A legal claim on property, and power to prevent sale of the property without satisfying the claim.

Lighter. A flat-bottomed boat used in loading and unloading vessels that cannot sail up to the wharf.

Lighterage. Charges for the use of a lighter.

Manifest. A list of articles comprising a ship's cargo.

Margin. Variance between an article's buying and selling price.

Marine. Pertaining to the sea.

Maturity. The date when commercial paper becomes due.

Mercantile Agency. A company whose business it is to obtain and circulate among its patrons information as to the business standing of merchants and traders.

Mercantile Law. Law pertaining to business transactions.

Mortgagee. The person in whose favor a mortgage is given.

Mortgagor. The person who gives a mortgage.

Negotiable. That which is transferable by delivery, assignment, or indorsement.

Net. Clear of all charges and deductions.

Net Proceeds. The remainder after deducting charges from sales.

Net Weight. Weight after deducting all allowances.

Nominal. Existing in name only.

Notary or *Notary Public.* An officer authorized by law to administer oaths, take acknowledgments of deeds and other papers, and to protest notes and drafts for non-acceptance or non-payment.

Open Account. An unsettled account with a firm or individual.

Outlawed. A term applied to a debt which has run beyond the time when the law will enforce payment.

Par Value. The nominal value; usually the printed or written value of any commercial paper.

Parol. Not written; especially not written and sealed.

Pawn-Broker (also written *pawnbroker*). One who lends money on goods, possessing the goods and the power to dispose of them if the money is not returned according to contract.

Payee. A person to whom money is to be paid.

Payer. A person who pays or promises to pay.

Plant. The entire outfit necessary to carry on a trade or mechanical business. It includes the real estate as well as the tools and machinery.

Post-date. (After date.) To date after the real time of writing.

Power of Attorney. A written instrument giving an agent authority to act for his principal in matters requiring such written delegation of power.

Price Current. A list of merchandise with market values annexed.

Primage. A percentage allowed to the master of a vessel on the amount of freight earned.

Prima Facie. On the first view.

Pro Rata. (L. *In proportion.*) A proportional distribution.

Protecting a Draft. Accepting or paying a draft to prevent its being dishonored or protested.

Protest. A formal declaration made by a notary public, that a note was not paid at maturity, or that a bill of exchange was not accepted when presented, or was not paid when due. (2) An official statement by the master of a vessel that damage to ship or cargo was caused by stress of weather and not by negligence.

Receiver. A person appointed to take charge of a corporation on its dissolution, and to distribute its property according to law.

Rescind. To revoke; to annul; to countermand.

Resources. Money, property, or that which can be converted into property, as claims against other people either on written or verbal promises.

Revocation. The recall of authority conferred on another, as the revocation of agency.

Salvage. The allowance made by law to persons who voluntarily assist in saving a ship or her cargo from peril.

Shipping Clerk. A person who attends to the shipping of goods.

Silent Partner. One who shares in the profits of a business, but whose name does not appear in the firm name, and who takes no active part in the business.

Sinking Fund. A sum of money set apart for the redemption of debts.

Stock. Capital invested in trade. Goods on hand.

Capital Stock. The capital of a corporation as represented by the shares.

Common Stock. That stock which entitles the owner to an equal proportionate dividend of the corporate profits and assets with one shareholder or class of shareholders, having no advantage, priority, or preference over another.

Preferred Stock. That stock which entitles the owner to dividends out of the net profits before or in preference to the holder of the common stock.

Watered Stock. Stock which purports to represent, but does not represent in good faith, money paid into the treasury of the corporation or money's worth actually contributed.

Stock Exchange. A place where brokers and bankers meet to buy and sell stocks, bonds, etc.

Stockholder. One who owns shares in a joint stock company or corporation.

Stoppage in transitu. The right which the seller has to stop the goods he has shipped any time before they reach the buyer, if he discovers that the buyer is insolvent.

Syndicate. A number of capitalists who unite to conduct some great commercial enterprise.

Tare. (Fr.) An allowance for the weight of boxes, barrels, etc., in which goods are shipped.

Tenant. One who holds or occupies property under a lease.

Tender. An offer; a proposal for acceptance.

Tickler. A book containing a memorandum of notes and debts arranged in the order of their maturity.

Time Draft. A draft maturing at a future specified time.

Trade Discount. A discount or series of discounts from list prices made to dealers, or because of a change in prices.

Trustee. One to whom any business or property is committed as a trust.

Underwriter. One who insures; so called from writing his name under the conditions of the policy.

Usury. The taking of more than the legal rate of interest.

Voucher. Such papers or documents as prove the truth of accounts — thus, a receipt is a voucher for the payment of money.

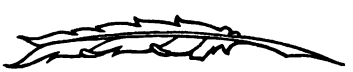
Waybill. A document containing a list of goods sent by railroad.

Wharfage. Money paid for the use of a wharf.

Wharfinger. The owner or keeper of a wharf.

Wholesale. (To sell whole.) To sell goods in large quantities, usually in unbroken packages.

Writ. An order issued from a court of law to one of its officers, as in the case of a writ of attachment; or to one or more litigants, as in the case of an injunction writ.



THE INDEX

ABBREVIATIONS, in letters, 13, 15, 16; used in business, list of, 250–253.
Abstracts of Title, 213–216.
Accommodation Notes, 89–90.
Account, statements of, see *Statements*.
Acknowledgment of Signature, 219.
Adams Express Company Collection Envelope, 153.
Address, in the heading of a letter, 13; inside the letter, 12, 14; upon the envelope, 18–20; forms for envelope, 19; for envelope of letter of introduction, 20.
Administrator, 244–245.
Administratrix, 245.
Agencies, see *Commercial*.
Appraisers, 245.
Articles of Agreement, 165.
Assignment of Mortgage, 229; form, 230.
Attorney, power of, 134; revocation of, 135.

BANK Book, 58.
Bank Discount, 83.
Bank Drafts, 110–112.
Banking, 53–76.
Banks, uses of, 53; savings, 54; commercial deposit, 55–56; correspondent, 112.
Base Lines, in surveying, 234.
Bears and Bulls, 188.
Bills, 34–35; forms for, 34, 35; assignment of, 35; form showing discount, 44. See also *Invoices*.
Bills of Exchange, see *Exchange*.
Bills of Lading, 147–149; with draft attached, 155–158.
Bills of Sale, 172–173; forms, 173.
Boards of Trade, 186–187; sales and values, 187–188; brokers—bulls and bears, 188–189; range of prices, 188; inspection and grading, 189.
Bondholders, 191.
Bond of Indemnity, 91.
Bonds, 173–178; forms, 174, 175, 177; for fidelity of clerk, 174–175; for faithful service, 177–178; sureties, 176; surety companies, 178; and stocks 191; government, 192; prices of, 194.
Bonds, stocks and, 191–192.
Bradstreet's Commercial Agency, 135.
Brokers, 188.
Brush-marking, directions for, 141–142; form, 142.
Bucket Shops, 190.
Bulls and Bears, 188–189.
Business Letters, 11–12; form for, 12; suitable paper for, 12; parts of, 13; body of, 16; directions for, 16; models for, 18, 28–29; folding, 18.

CABLE Messages, 30.
Capital Stock, 190.
Carriers, common, 185.
Cash Discount, 42–44.
Cash Grain, 187.
Certificate of Deposit, 70–71; form, 70.
Certificates of Stock, 190.
Chamber of Commerce, 186.
Change, how to make, 140.
Chattel Mortgage, 226; note, 226.

Check Book, 58.
Checks, forms, 58, 59, 60, 61, 62, 63, 64, 67, 68, 69; directions for writing, 59–64, 71–72; indorsement of, 64–65; payable to bearer or order, 65–66; post-dated, 66; exchange on, 67–68; certified, 68–70; travelers', 127–128; voucher, 70.
Codes, telegraphic, 32.
Codicil of a Will, 242.
Coin or Bullion by Express, 123.
Collateral Notes, 98–99.
Collection, indorsement for, 109.
Collection by Express Companies, 153–155.
Collection Envelopes, forms, 153, 154.
Commerce, Chamber of, 186.
Commercial Agencies, 135–139; reference books, 137–139; forms of reference books, 137, 138, 139.
Commercial Words and Phrases, list of, 254–262.
Common Carriers, 185.
Common Stock, 191.
Complimentary Close of a Letter, position of, 12, 17; forms of, 17.
Compound Interest, see *Interest*.
Consignee, 149.
Consignor, 147.
Contractions used in Business, list of, 250–253.
Contracts, 162–165; valid consideration necessary, 163; written, 163–164; verbal, 164; articles of agreement, 165; form, 165.
Copartnership, articles of, 198–199.
Correction Lines, in surveying, 235.
Correspondent Banks, 112.
Courts, equity, 200; probate, 244; surrogate, 244; orphans', 244.
Credit, letters of, 124–127; forms, 125, 126.
Credit Memorandum, 46–47; form, 46.
Credits, on statements of account, 39, 40, 41, 42, 43.

DATE of Maturity, of note, 84–85.
Dates of Reckoning Interest, 54–55.
Days of Grace, 82.
Debits, on statements of account, 39, 40, 41, 42, 43.
Deeds, 213–222; warranty, 214–215; parties to, 216–217; general warranty, 217; quit-claim, 217; form, 218; special warranty, 219; signing, sealing, and delivery, 219–220; in escrow, 220; recording of, 220–221; trust, 221–222; registrar of, 221.
Defeasance, 226.
Delivery of Deed, importance of, 220.
Deposit, certificate of, 70–71; form, 70.
Deposit Book, 55.
Deposits, in savings banks, 54, 55; records of, 56–57; in metropolitan banks, 110.
Deposit Slip or Ticket, 56–57; form, 57.
Directions, for letter writing, 16; for use of titles, 22–23; for writing checks, 59–64, 71–72; for pen lettering, 141–142.
Discount, trade, 38–42; cash, 42–44; bank, 83.
Dishonoring a Draft, 109–110.
Dissolution of Partnership, 200–201; notice of, 201.
Dividends, 191.
Dower, right of, 217, 242.
Drafts, 106–115; uses of, 106–108; forms, 107, 108, 111, 112, 128, 156, 157; indorsement of "for collection," 109; dishonoring, 109–110; protest of, 110; bank, 110–112; uses of bank, 112; foreign, 128; attached to bill of lading, 155–158.
Drawee, of a draft, 106.
Drawer, of a check, 59; of a draft, 106.
Due Bills, form, 51.
Dun & Company's Commercial Agency, 135.

EQUITY, court of, 200.
Equity of Redemption, 229–231.
Escrow, deed in, 220.
Estates, settling of, 244–246.
Exchange, on checks, 67–68; payable at par, 67; foreign bill of, 127, 129; inland bill of, 129.
Exchanges, stock, 186, 192; produce, 186.
Executor, 242; duties of, 244.
Expense or Freight Bills, railroad, 149–150.
Express, coin or bullion sent by, 123.
Express Business, 152–155; collections by express companies, 153; express collection envelopes, 153, 154.
Express Money Orders, 122; form, 122.

FOREIGN Bills of Exchange, see *Exchange.*

Foreign Drafts, see *Drafts.*

Forms, I., outline for a letter, 12; II.-IV., headings of letters, 14; V.-VIII., forms of salutation, 15; IX., model letter, 18; X., forms of address on the envelope, 19; XI., addressed envelope of introduction, 20; XII.-XIII., letters of introduction, 21; XIV., letter of recommendation, 22; XV.-XVIII., friendly and business letters, 27-29; XIX., a telegram, 31; XX., night lettergram, 31; XXI., illustration of telegraphic code, 32; XXII., bill of goods, 34; XXIII., bill, 35; XXIV., assignment of account, 35; XXV., invoice, 37; XXVI.-XXVII., invoices with terms of discount, 37, 38; XXVIII.-XXXII., statements showing debits and credits, 39-43; XXXIII., bill showing discount, 44; XXXIV., statement of account paid, 45; XXXV., credit memorandum, 46; XXXVI.-XLVI., receipts, 47-50; XLVII., ordinary order, 50; XLVIII., order payable in cash, 50; XLIX., due bill, 51; L., bank deposit slip, 57; LI., check with coupon, 58; LII., checks payable to cash, 59; LIII., checks for less than one dollar, 60; LIV., check specifying for what used, 61; LV., checks incorrectly drawn, 62; LVI., checks correctly drawn, 63; LVII., indorsed check, 64; LVIII., check similar to draft, 67; LIX., check payable to order of signer, 68; LX., certified check, 69; LXI., certificate of deposit, 70; LXII., indorsed check, 72; LXIII., promissory note, 78; LXIV., partial payment of note indorsed on back, 79; LXV.-LXVIII., kinds of indorsements, 81; LXIX., demand note, 82; LXX., 30-day note payable to bank, 84; LXXI., bank notice for note due, 86; LXXII., certificate of protest, 87; LXXIII.-LXXIV., notices of dishonor, 88; LXXV., bond of indemnity, 90; LXXVI., note with date of payment, 92; LXXVII., indorsement of partial payment on note, 92; LXXVIII., simple paid indorsement on note, 93; LXXIX., judgment note, 96; LXXX., promissory note, 97; LXXXI., joint note, 98; LXXXII., joint and several note, 98; LXXXIII., collateral note, 99; LXXXIV., note payable by installments 100; LXXXV., note payable on or before certain date, 100; LXXXVI., produce note, 100; LXXXVII., drafts payable at sight, 107; LXXXVIII., accepted draft, 108; LXXXIX., bank drafts, 111; XC., request for a draft, 112; XCI., application for money order, 119; XCII., fees for money orders, 120; XCIII., postal money order, 121; XCIV., American Express Company money order, 122; XCV., letter of credit, 125; XCVI., letter of credit sent by mail, 126; XCVII., a travelers' check, 127; XCVIII., original and duplicate foreign drafts, 128; XCIX., petition for opening street, 132; C., petition to school board, 133; CI., petition to governor, 133; CII., heading for subscription paper, 133; CIII., proxy, 134; CIV., power of attorney, 134; CV., revocation of power of attorney, 135; CVI., inside cover of commercial agency reference book, 136; CVII., key to reference book of commercial agency, 137; CVIII., page of commercial agency state reference book, 138; CIX., notification sheet of commercial agency, 139; CX., alphabet for brush-marking, 142; CXI., shipping order, 147; CXII., shipping receipt or bill of lading, 148; CXIII., railroad memorandum, 149; CXIV., railroad expense bill or freight bill, 150; CXV., railroad manifest, 151; CXVI., Adams Express collection envelope, 153; CXVII., United States Express C. O. D. envelope, 154; CXVIII., bill of lading to which draft is attached, 156; CXIX., draft to be attached to bill of lading, 157; CXX., shipping invoice, 158; CXXI., contract to perform work, 165; CXXII.-CXXIII., lease (front and back), 166-167; CXXIV.-CXXV., notice to quit (front and back), 168-169; CXXVI.-CXXVIII., guaranties, 172; CXXIX., bill of sale, 173; CXXX., short form bill of sale, 173; CXXXI.-CXXXII., bond for fidelity of clerk (front and back), 174-175;

Forms —*continued.*
CXXXIII., bond, 177; CXXXIV., prices on Chicago Board of Trade, 188; CXXXV., prices on New York stock exchange, 193; CXXXVI., prices of bonds, 194; CXXXVII.-CXXXVIII., articles of co-partnership, 198-199; CXXXIX., notice of dissolution, 201; CXL.-CXLI., warranty deed, 214-215; CXLII., quit-claim deed, 218; CXLIII., signature of person who cannot write, 219; CXLIV., trust deed, 222; CXLV., note secured by mortgage, 223; CXLVI. (a) and (b), mortgage, 224-225; CXLVII., chattel mortgage note, 226; CXLVIII., satisfaction of mortgage, 228; CXLIX., assignment of mortgage, 230; CL., meridian and base lines, 235; CLI., township, 236; CLII., section, 236; CLIII., measurement of irregular tracts of land, 237; CLIV., short form of will, 243.
Frauds, statute of, 182.
Freight or Expense Bills, railroad, 149-150.
Futures, 187.

GENERAL Warranty Deed, 217.
Government Bonds, 192.
Grace, days of, 82.
Grain, cash, 187.
Grantee, 216.
Grantor, 216.
Guarantee Policy, 216.
Guaranties, 171-172; forms, 172.

HEADING, of a letter, 12, 13; punctuation of, 13; forms, 14.
How to Make Change, 140.

INDEMNITY, bond of, 91, 122.
Indorsement, of checks, 64-65; of notes, 79-80, 93; forms, 81; of drafts "for collection," 109; of money order, 121.
Inland Bills of Exchange, 129.
Inspection and Grading, 189.
Insurable Interests, see *Insurance.*
Insurance, 202-209; fire, 203; companies, 203-204; policies, 204-209; insurable interests, 204-205; risks, 206; proportion of insurance to value, 207-208.
Interest, on deposits, 54; rates of, 54-55, 84; dates of reckoning, 54-55; simple, 83; compound, 83; date of maturity, 84-85; table of, 91; merchants' rule for, 95.
Invoices, 35-38; corrected and duplicate, 36-38; forms of, 37-38; forms showing discount, 37, 38; shipping, 158.
"Ironclad," or judgment, notes, 96-97.

JOINT Makers of a Note, 81.
Joint Notes, 98.

LADING, bills of, see *Bills of Lading.*
Landlord, 168.
Land Surveying, United States, 234-240; surveying meridians, 234; base lines, 234; townships, 234-235; sections, 236-238; ranges, 234-235; lands not included, 238.
Leases, 166-172; forms, 166, 167; forms of notice, 168, 169; repairs and subletting, 170-171; notice to quit, 171; guaranties, 171-172.
Legal Tender, 139-140.
Lessee, 168.
Lessor, 168.
Lettergram, 30-31.
Lessor, 168.
Letters, of introduction, 20-21; of recommendation, 21-22.
Letters of Credit, 124-127; forms, 125, 126.
Letter Writing, 11-33.
Liability, of partners, 199-200.
Limitations, statute of, 91.
Limited or Special Partnership, 201.
"Long," brokers' phrase, 187.
Lost Notes, 90-91.

MAKER, of a check, 59.
Manifest, railroad, 150-151.
Margin, of a business letter, 16.
Market Quotations, 185.
Marking Goods, private codes, 140-141.
Maturity, date of, 84-85.

Memorandum of Credit, see *Credit*.
Merchandise Sales, 182–190. See also *Sales*.
Merchants' Rule for Computing Interest, 95.
Meridians, surveying, 234.
Money, telegraphing of, 122.
Money Orders, post office, 118-121; forms, 119, 120, 121; express, 122; form of express order, 122.
Mortgagee, 226.
Mortgages, 223-231; as security for note, 223; ordinary form, 224-225; defeasance, 226; real estate, 226; chattel, 226; chattel note, 226; satisfaction of, 227; form of satisfaction, 228; recording of, 226-227; payments on, 227-229; assignment of, 229; redemption of, 229-231; foreclosure of, 229-231.
Mortgagor, 226.
Mutual Insurance Companies, 203–204.

NEGOTIABLE Notes, 80–81.
New York Stock Exchange, table of prices, 193.
Night Rates for Telegrams, 30.
Nominal Partner, 197.
Notes, promissory, 77–82; forms of, 78, 79, 82, 84, 86, 87, 93, 96, 97, 98, 99, 100; indorsement of, 79–80; forms of indorsement, 81; negotiable, 80–81; joint makers of, 81; demand, 82; accommodation, 89–90; lost, 90–91; outlawed, 91; "Ironclad," or judgment, 96–97; joint, 98; collateral, 98–99; special points about, 100-102; secured by mortgage, 223, 226.
Notice and Protest, 86-88.
Notice to Quit, 171; forms, 168, 169.
Notification Sheets of Commercial Agencies, 137–139; form of, 139.
Nuncupative Wills, 241.

OBLIGEE, 173.
Obligor, 173.
"Old Line" Insurance Companies, 203–204.
Orders, 50; forms, 50.
Orphans' Court, 244.
Outlawed Notes, 91.

PARTIAL Payments, 92–93; **United States rule for**, 93.
Partners, silent, 197; nominal, 197; liability of, 199–200.
Partnership, 196–201; dissolution of, 200–201; notice of dissolution, 201; limited or special, 201.
Payee, of a check, 60; of a draft, 106.
Pen Lettering, 141–142.
Petitions, 132–133.
Phrases, commercial words and, list of, 254–262.
Policies, insurance, 204–209; open and valued, 204; guarantee, 216.
Post-Dated Checks, 66.
Premium, in insurance, 202.
Probate Court, 244.
Produce Exchange, 186.

QUIT-CLAIM Deed, 217.
Quotations, market, 185; of stocks and bonds, 192–194.

RAILROAD Business, 147–161; bills of lading, 147–149; memorandum, 149; expense bills, 149–150; manifests, 150–151; bill of lading with draft, 155–158; shipping invoice, 158.
Ranges, in surveying, 234–235.
Rates of Interest, 54–55.
Real Estate Mortgage, 226.
Receipts or Vouchers, 47–50; forms, 47–50.
Recording of Deeds, 220–221.
Redemption, of mortgage, 229; equity of, 229–230.
Reference Books of Commercial Agencies, 137–139.
Registered Packages, 123.
Registrar of Deeds, 221.
Repairs and Subletting, 170–171.
Right of Dower, 217, 242.
Risks, insurance, 206.
Rules, United States rule for partial payments, 93; merchants' rule for computing interest, 95.

SAFETY Deposit Vaults, 72-73.
Sale, bills of, 172-173.
Sales, merchandise, 182-189; stoppage *in transitu*, 184; common carriers, 185; market quotations, 185; boards of trade, 186-187; sales and values, 187-188; brokers—bulls and bears, 188; inspection and grading, 189; bucket shops, 190.
Salutation, in a letter, 12, 15; forms, 15.
Satisfaction of Mortgage, 227-229; form, 228.
Savings Banks, 54.
Sections, in surveying, 236-238; form, 236.
Settling of Estates, 244-246.
Shareholders, 190.
Shares of Stock, 190.
Shipping Order, 147; receipt, 148-149; memorandum, 149; invoice, 158.
"Short," brokers' phrase, 188.
Signature, of a letter, 12, 17; form, 17.
Signs used in Business, list of, 250-253.
Silent Partner, 197.
Simple Interest, see *Interest*.
Sinking Fund, 190.
Statements of Account, 45-46; **forms**, 39, 40, 41, 42, 43, 45.
Statute of Frauds, 182.
Statute of Limitations, 91.
Stock, preferred, 191; common, 191; **certificate** of, 190.
Stock Companies, 190-191.
Stock Exchanges, 192; **New York**, 193-194.
Stocks and Bonds, 191-192; exchanges, 192; value of quotations, 192; tables of prices, 193, 194.
Stoppage *in transitu*, 184.
Subletting, 170-171.
Subscription Paper, heading for, 133.
Sureties to a Bond, 176.
Surety Companies, 178.
Surrogate Court, 244.
Surveying, United States land, see *Land Surveying*.

TABLE of Interest and Statute of Limitations, 91; table of time in days, 94.
Telegrams, 29-33; cable messages, 30 forms, 31.
Telegraphic Codes, 32.
Telegraphing Money, 122.
Tenant, 168.
Testator, 242.
Testatrix, 242.
Time, table of, 94.
Title, abstracts of, 213-216.
Title Guarantee Companies, 216.
Titles, in the address of a letter, 14; general directions for use of, 22-23.
Townships, 234-235; form, 236.
Trade, boards of, 186-189. See also *Boards*.
Trade Discount, 38-42.
Travelers' Checks, 127-128.
Trust Deeds, 221-222; form, 222.
Trustee, 221-222.

UNITED States Express Company C. O. D. envelope, 154
United States Land Surveying, 234-240. See also *Land Surveying*.
United States Rule for Partial Payments, 93.
Usury, 95-96.

VALID Consideration, necessary to contract, 163.
Voucher Check, 70.
Vouchers, see *Receipts*.

WARRANTY Deeds, see *Deeds*.
Wills, 241-248; kinds of, 241-242; making of, 242; short form, 243; witnesses to, 243-244; executor, 242; duties of executor, 244; administrator, 244-245; settling of estate, 244-246.
Witnesses, 243-244.
Words and Phrases, commercial, list of, 254-262.

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